

BUSINESS

OVERVIEW

Who We Are

We are an IC substrate provider powered by intelligent manufacturing, focused on the R&D, manufacture and sale of FCBGA, FCCSP, WBCSP and module substrates. Our mission is to advance technology, promote environmental sustainability, and benefit humanity. Our vision is to develop the advanced IC substrate industry and become a global industry leader.

An IC substrate is a specialized, high-density interconnection platform used in semiconductor packaging, serving as a critical carrier that provides electrical connectivity, mechanical support and thermal management between the silicon die and the printed circuit board. According to Frost & Sullivan, measured by 2025 revenue, we ranked third among IC substrate manufacturers located in Chinese Mainland, up from sixth in 2023, and third among Chinese Mainland manufacturers of each of FCBGA and FCCSP substrates. Among the top 20 global IC substrate suppliers by IC substrate revenue in 2025, we ranked first in terms of revenue CAGR from 2023 to 2025. Our revenue increased rapidly from RMB1,182.9 million in 2023 to RMB2,055.5 million in 2024 and RMB2,828.6 million in 2025, representing a CAGR of 54.6%. Our revenue further increased to RMB923.9 million in the three months ended March 31, 2026, representing a 70.9% growth from the same period in 2025.

As a technology leader in the IC substrate industry, we strategically focus on FCBGA substrates as our future growth driver, and our main products include FCCSP, WBCSP and module substrates. In 2025, our full-load designed capacity¹ reached 3,360 thousand panels for FCBGA substrates in Shenzhen site, as well as 2,419 thousand panels for FCCSP, WBCSP and module substrates in Qinhuangdao site.

The following chart sets out our key business achievements:

 Industry Status	 Global Customer Base	 Technical Specifications
No. 3 Ranking of IC Substrate Manufacturers in Chinese Mainland (In terms of revenue in 2025) No. 3 Ranking of FCBGA Substrate Manufacturers in Chinese Mainland (In terms of revenue in 2025) No. 3 Ranking of FCCSP Substrate Manufacturers in Chinese Mainland (In terms of revenue in 2025) No. 1 Ranking of top 20 Global IC Substrate Suppliers (In terms of revenue growth CAGR)	Top 5 Global OSAT companies 3 of World's Top 5 semiconductor memory chip providers World-renowned IC design and IDM companies	First in Chinese Mainland to achieve mass production of IC substrates for Chiplet packaging of 11 or more chips within a single package FCBGA 26-layer, 9/12 μm line width/spacing mass production capability First in Chinese Mainland to pass certification for FCBGA substrates supporting 2nm chips FCCSP - ETS 7/10 μm and mSAP 12/16 μm line width/spacing mass production capability First in Chinese Mainland to achieve mass production for FCCSP substrates supporting 3nm smartphone SoC chips
	 Growth Trend	 Smart Factory
	54.6% CAGR of Revenue Growth 174.6% CAGR of revenue from FCBGA substrates FCBGA substrates revenue share increased from 10.8% in 2023 to 40.2% in 2026Q1	One of first to deploy the semiconductor-grade SECS protocol among IC substrate providers globally Largest FCBGA factory in Chinese Mainland⁽¹⁾ Automation rate of core processes exceeds 95%

Note: All industry rankings contained in the chart above are according to Frost & Sullivan.

- (1) Based on actual-installed capacity in 2025, according to Frost & Sullivan.
- (2) All CAGRs are calculated based on the period from 2023 to 2025.

¹ Based on bottleneck stage in the production process. For FCBGA products, we view the circuit build-up (ABF build-up) stage as the bottleneck and for FCCSP, WBCSP and module products, we view surface treatment output as the bottleneck. Full-load designed capacity represents the designed maximum capacity of the factory, calculated based on the total amount of equipment that can be placed within the overall factory layout. Production time is calculated on the basis of 28 full production days per month after routine maintenance during the period.

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Our Market Opportunities

Increasing demand for computing power in the AI era is elevating the importance of IC substrates, which enable high-speed signal transmission and effective heat dissipation to support stable, high-performance chip operation. According to Frost & Sullivan, from 2025 to 2030, the global IC substrate market is expected to reach US\$30.3 billion, representing a CAGR of 15.3%. FCBGA substrate is expected to be the fastest-growing segment within the IC substrate market. From 2025 to 2030, the global market for FCBGA substrates is expected to reach US\$19.2 billion, representing a CAGR of 19.7%. In addition, the global FCBGA demand-supply ratio is expected to rise from 94.7% in 2025 to 104.7% in 2026, surpassing 100% to enter a state of supply shortage, with supply shortage gap continuing to widen thereafter and reaching 125.6% in 2030. Offshore markets account for a substantial majority of global demand for FCBGA substrates and have exhibited faster growth than the Chinese Mainland. According to Frost & Sullivan, the FCBGA substrate offshore market reached US\$6.4 billion in 2025, representing approximately 82% of the global FCBGA substrate market, and is expected to grow at a CAGR of 20.9% from 2025 to 2030, significantly outpacing the 13.3% CAGR projected for the Chinese Mainland over the same period. As an emerging leader in the IC substrate industry in the Chinese Mainland with a strategic focus on FCBGA substrates, we believe that we are well-positioned to capture these significant market opportunities.

OUR COMPETITIVE STRENGTHS

Emerging leader in the IC substrate industry in Chinese Mainland with value proposition attracting global industry-leading customers.

We are a leading IC substrate provider in Chinese Mainland. According to Frost & Sullivan, measured by 2025 revenue, we ranked third among Chinese Mainland manufacturers of IC substrates, up from sixth in 2023, and third among Chinese Mainland manufacturers of each of FCBGA and FCCSP substrates, respectively. Since our establishment, we have been committed to advancing process optimization and achieving technological breakthroughs in IC substrates, supported by our intelligent manufacturing system and a highly skilled team of technical and management professionals, enabling us to develop and manufacture IC substrates with high added value and superior quality. Among the top 20 global IC substrate suppliers by IC substrate revenue in 2025, we ranked first in terms of revenue CAGR from 2023 to 2025.

We have two balanced and complementary pillars of growth drivers: domestic and international leading customers. Given the supply shortage and rapid technology innovation nature of the IC substrate industry, industry-leading customers, in particular with respect to FCBGA products, require their IC substrate suppliers to have comprehensive capabilities of (1) rapid technology commercialization, (2) producing stable and reliable products and (3) rapid capacity ramp-up to meet the growing demand. We believe our value proposition addresses all these requirements, and thus our value proposition is highly attractive to global industry-leading customers.

Technology commercialization requires strong co-development capability with customers. We have extensive long-term cooperation with the world's top five Outsourced Semiconductor Assembly and Test (OSAT) companies, world-renowned IC design companies and IDM companies, and have become one of their core IC substrate suppliers. We also maintain deep collaboration with them on early-stage product design processes and packaging solution evaluations, and, based on their customized technical requirements, we typically commence R&D and validation activities six to 12 months in advance.

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In addition, we offer end-to-end support to customers. Through deep joint optimization across IC design, IC substrate manufacturing and packaging processes, we are able to closely align with customers in the entire R&D cycle of “demand forecasting — technological advancement — mass production implementation — iterative upgrade,” ensuring our long-term leadership and business expansion.

Moreover, we leverage our intelligent manufacturing facilities adopting SEMI Equipment Communications Standard (SECS) protocol to ensure our products are stable and reliable once commercialized. Intelligent manufacturing facilities also enable us to quickly replicate the production of a product once developed across different production lines. See “— World-class intelligent manufacturing capabilities adopting SECS communications protocol” for more details. Our stable and reliable products are evidenced by strong recognition from key downstream customers and have been awarded honors such as “Annual Best Supplier” by a number of globally recognized customers, demonstrating our industry-leading capabilities in product quality, technological strength, delivery performance, and service responsiveness.

Furthermore, given our early-investment strategy in Chinese Mainland and our intelligent manufacturing capabilities, we are able to rapidly ramp up our capacity. For our future capacity expansion, we also benefit from lower plant construction costs and more efficient construction cycles in Chinese Mainland compared to our international competitors. See “— Rapid capacity ramp-up to capture the global AI opportunity and expand our leading AI customer base” for more details.

Rapid capacity ramp-up to capture the global AI opportunity and expand our leading AI customer base

With the rapid global adoption of AI technologies, the industry is experiencing an acute shortage of high-end IC substrate capacity, and leading customers are accelerating their expansion plans to meet surging computing power demand. As such, leading customers, when selecting IC substrate production partners like us, would put substantial weight on their partner’s capacity ramp-up capabilities. Against this backdrop, we strategically anticipated the future capacity needs, and incorporated substantial capacity expansion headroom in our initial plant design. In 2025, our production plants in Shenzhen and Qinhuangdao have a total full-load designed capacity of 3,360 thousand panels for FCBGA substrates and 2,419 thousand panels for FCCSP, WBCSP and module substrates. We also adopt the strategy of phased equipment installation approach to quickly ramp-up our capacity when our actual orders grow. Our actual-installed capacity increased from 856 thousand panels for FCBGA substrates and 1,668 thousand panels for FCCSP, WBCSP and module substrates in 2023 to 1,050 thousand panels for FCBGA substrates and 1,964 thousand panels for FCCSP, WBCSP and module substrates in 2025. With this rapid ramp-up capability, our actual output increased from 116 thousand panels for FCBGA substrates and 1,148 thousand panels, for FCCSP, WBCSP and module substrates in 2023 to 727 thousand panels for FCBGA substrates and 1,726 thousand panels for FCCSP, WBCSP and module substrates in 2025, representing a CAGR of 150.3% and 22.6%, respectively, and we still have ample room to further ramp up our actual-installed capacity in our existing production plants.

Moreover, we believe we have a competitive edge in further ramping up our production capacity compared to our international competitors. According to Frost & Sullivan, the construction and ramp-up to mass production of an IC substrate manufacturing facility outside of Chinese Mainland with a yearly production capacity of around 2,000 thousand panels typically requires around five years, while we are able to complete the construction of a comparable facility and commence mass production in Chinese Mainland in two to two and a half years, demonstrating our superior capability in delivering customized high-end capacity expansion and rapid volume ramp-up.

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Continuous R&D, technology enhancement, and IC substrate upgrades to build strong technical barriers

Through commitment to R&D and technology enhancement, we have built a full-stack core technology system spanning product design, material application, and manufacturing processes. We possess full-process and integrated engineering capabilities from research and product development to process implementation and mass production, enabling the rapid commercialization of R&D results, deepening and broadening collaboration with downstream customers, and positioning us at the forefront of the global IC substrate industry.

For FCBGA, we have strategically deployed our technologies across the mainstream advanced packaging processes for high-performance computing chips. Our technology enables our products to achieve three main features: large-size and high-layer-count, low warpage, and high precision. According to Frost & Sullivan, our FCBGA substrates are positioned at an industry-leading level, capable of supporting the advanced packaging requirements of high-performance computing chips manufactured using 2nm process nodes. We have achieved large-scale mass production of IC substrates compatible with advanced Chiplet and heterogeneous integration packaging and 2.5D/3D stacking IC packaging architectures. According to Frost & Sullivan, we are also the first company in Chinese Mainland to achieve mass production of IC substrates for Chiplet packaging of 11 or more chips within a single package.

In addition, we continuously track the latest development trends in AI computing chip packaging technologies and proactively commence R&D on next-generation IC substrate technologies for advanced packaging, including component embedded FCBGA substrates, multi-layer core FCBGA substrates, ultra-thin FCBGA substrates, and coreless FCBGA substrates. Our R&D strategy ensures our technology roadmap remains ahead of market demand and provides a strong foundation for our long-term competitiveness in high-growth sectors such as high-performance computing chips.

For our FCCSP substrates, we leverage our technological strengths in fine-line circuitry, microvia structures, and thin-form design for FCCSP substrates to provide customers with highly integrated, cost-efficient one-stop solutions. According to Frost & Sullivan, we were the first company in the Chinese Mainland to achieve mass production of industry-leading FCCSP substrates capable of supporting 3nm smartphone SoC chips.

As of the Latest Practicable Date, we obtained 236 valid patents, including 188 invention patents and 48 utility model patents, and we filed 75 patent applications, forming a solid intellectual property barrier in advanced IC substrates. We believe that our continued investment in research and development and technology advancement will further strengthen our technological leadership and enhance our long-term competitiveness.

World-class intelligent manufacturing capabilities adopting SECS communications protocol

We are among the earliest players in Chinese Mainland’s IC substrate industry to achieve intelligent manufacturing, according to Frost & Sullivan, with our core production base realizing fully integrated intelligent production and maintaining an advanced level within the global IC substrate industry. In particular, we are among the first IC substrate providers globally to adopt the advanced SECS communications protocol used in the semiconductor industry, enabling us to amass valuable data insights throughout the product life cycle and ensure that production parameters remain stable, controlled and traceable. This traceability and stability ensure the reliability and quality of our IC substrates.

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To achieve unified management of equipment status monitoring, production recipe download and sharing, data collection and alert notification, we have adopted the SECS communication protocol, which requires all of our intelligent manufacturing facilities to be equipped with end-to-end automated production equipment, semiconductor intelligent manufacturing software, as well as AI-enabled product design and quality inspection systems. Our end-to-end automated operations cover the entire production process, from raw material intake and manufacturing to finished goods outbound and logistics, substantially enhancing production efficiency. We also integrate AI into the life-cycle quality management system for IC substrates, enabling AI across both product design and production inspection.

Our production capability under SECS communications protocols is critical for semiconductor-level products, as all business data are shared in real time and centrally managed, allowing management to monitor production remotely, schedule resources precisely and make more informed decisions, significantly improving quality and operational efficiency. Moreover, as all business data are managed and monitored automatically, we are able to replicate the production of specific products among our different intelligent manufacturing facilities without the need to manually adjust the production parameters, which is time-consuming and unreliable.

Stable and resilient supply chain, efficient delivery capabilities, and consistent product quality

We place a high priority on supply chain resilience and co-develop with leading global suppliers of IC substrate materials, equipment and software, enabling mutual technology empowerment and continuous improvement, while enhancing our production efficiency and product performance. We have established long-term and stable relationships with significant suppliers of IC substrate raw materials, such as ABF, CCL, gold salt, and solder resist. This enables us to secure reliable, high-quality, and priority access to critical materials and effectively mitigate the impact of tight supply of key materials on our production. Meanwhile, leveraging our long-term relationships with suppliers, together with our collaboration with our customers on procurement, we continuously optimize our procurement process, laying a solid foundation for maintaining the market competitiveness of our products.

With respect to equipment, we collaborate with equipment suppliers to co-develop dedicated solutions based on the process requirements of advanced IC substrates, aligning them with our manufacturing processes and improving production efficiency and product quality. With respect to software, we have partnered with leading industrial software providers to jointly develop customized MES systems. By integrating our production management requirements with the unique characteristics of IC substrate manufacturing, we have built a fully digitalized production management platform, enabling real-time data collection, analysis, optimization, and traceability. This provides strong digital support for our technology development and continuous process optimization.

Experienced management team and innovation-driven corporate culture supporting sustained growth

Our R&D, manufacturing, quality, and sales teams possess extensive experience in the IC substrate industry and form the backbone of our long-term development. As of the Latest Practicable Date, we have more than three hundred of engineers with over 10 years of experience in the IC substrate sector, equipped with deep industry expertise, strong technical judgment, and robust execution capabilities, providing a solid talent foundation for our technological innovation, strategic implementation, and sustained growth. We place strong emphasis on talent acquisition, development, and incentives, and have established a comprehensive talent development system and incentive mechanisms, providing strong human capital support for our competitiveness in the global IC substrate market.

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Mr. Lee Ting-Chuan, our Chairman, possesses extensive experience in market development and operational management in the IC substrate industry and is a seasoned expert and pioneer in the IC substrate sector. He has led the establishment of a number of IC substrate manufacturing facilities, made large-scale investments in FCBGA production, led the Company in being the first among global IC substrate providers to deploy the semiconductor-grade SECS communication protocol, and has accumulated profound experience in the R&D, production, and management of advanced IC substrates. In particular, Mr. Lee spearheaded the establishment of our team dedicated to FCBGA substrates and the development of our FCBGA substrate business, including the technology roadmap, the build-up of relevant R&D and production capabilities. With deep insights into technological development trends, competitive dynamics, and evolving customer demand within the industry, Mr. Lee demonstrates strong strategic vision and sound judgment, serving as a key driving force behind our strategic development.

OUR GROWTH STRATEGIES

Broaden our global leading customer base

We aim to drive growth by expanding our base of global leading customers. Leveraging our rapid technology commercialization, production capacity ramp-up and cost efficiency, we directly address IC design companies’ needs through high-performance and customized IC substrates, while capturing international FCBGA opportunities driven by increasing demand for AI and HPC applications in the AI era. See “— Our Competitive Strengths — Emerging leader in the IC substrate industry in Chinese Mainland with value proposition attracting industry-leading global customers” for more details.

As AI-related technologies continue to advance and customers further shorten their product development cycles, we will deepen collaboration across the upstream and downstream value chain and strengthen our customer-oriented co-development model. We will focus on accelerating materials and process iteration, shortening the R&D cycle for new technologies and new products, and enhancing our rapid facility construction and flexible resource allocation capabilities to align with customers’ next-generation product roadmaps. We will also seek earlier participation in customers’ product development and technology validation to deepen understanding of design constraints and support targeted optimization of substrate design, materials and processes, thereby improving validation efficiency, time-to-market, quality stability and delivery consistency. At the same time, we aim to attract leading global customers by leveraging our fast capacity ramp-up capabilities, high and consistent product quality, and intelligent manufacturing systems, enabling us to meet stringent global requirements for performance, reliability and delivery.

From supply side, we will strengthen collaboration with key raw material and equipment suppliers, enhance coordination on supply assurance and qualification timelines for key materials such as ABF and CCL, and promote supplier diversification to build a more stable and resilient supply chain, which is also critical to leading global customers.

From customer side, we will also expand engagement with leading global OSAT, IC design and IDM customers, enhance our global marketing and technical support network, and broaden international business outreach to better address differentiated requirements for IC substrates across application scenarios, laying a solid foundation for the continued expansion of our offshore business.

Rapidly ramp up capacity and continue to enhance intelligent manufacturing

Building on our existing mass production management system and intelligent manufacturing foundation, we will accelerate the ramp-up of new capacity and speed up capacity release, so as to increase product supply quickly while matching customer orders and expected demand.

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- FCBGA substrates: We plan to focus on expanding production capacity for FCBGA substrates in Shenzhen in the next few years. We also plan to shift our capacity mix further toward advanced process nodes of 7nm and below substrates, so as to better meet demand from leading Chinese Mainland and global leading customers in areas such as AI and HPC, automotive and robotics and network communications. We plan to expand the production capacity of our Shenzhen Plant 2 and invest in the construction of several new plants, including land use and building costs, while accelerating the procurement and installation of advanced equipment and deploying automated solutions to support our production.
- FCCSP substrates: Benefiting from the surge in the memory chip market and the growing demand for highly integrated packaging driven by edge AI applications, the full-load designed capacity utilization rates of our Qinghuangdao Plant 1 and Plant 2 have reached 96.0% and 65.9%, respectively, in the three months ended March 31, 2026. We will continue to consolidate our leading position in FCCSP substrates for memory and edge AI applications, while advancing the build-out of corresponding production capacity to prepare in advance for anticipated increases in order volumes.

Meanwhile, we will leverage intelligent manufacturing as a key enabler for capacity expansion by continuously optimizing our production processes, critical process parameters, and quality control systems. This will enhance product consistency and stability, reduce manufacturing risks and rework losses associated with complex processes, and ensure reliable scalability. We will also continue to introduce advanced equipment in line with the high standards of our smart factories, further improving the automation and precision of our manufacturing processes and driving ongoing optimization of unit production costs.

Continue to focus on R&D in IC substrates, accelerate technology iteration and strengthen our market leadership

As a leading manufacturer of IC substrates in Chinese Mainland, we will continue to focus on the technological capability building of advanced IC substrates. In response to the increasing demands from downstream applications such as AI and HPC and smart device, and demand from advanced packaging for higher interconnect density, signal integrity, thermal performance, and reliability, we will accelerate the technological iteration of our products and manufacturing processes. We will further strengthen our investments in key areas, including material systems, fine-line circuitry, structural design, and packaging compatibility. We will continue to enhance the overall performance of our high-end products in terms of stability, reliability, and application adaptability, thereby better addressing the evolving demand of downstream customers and application scenarios. We will also continue to invest in R&D materials procurement, global R&D talent acquisition and training, and the procurement and commissioning of advanced equipment to support our long-term technological roadmap.

In the field of AI and HPC, we will focus on application scenarios such as large model training, supercomputing centers, and high-performance inference. We will advance the technological upgrading and product iteration of FCBGA substrates compatible with 2.5D/3D stacking packaging, Chiplet and heterogeneous integration packaging, and advanced process nodes. At the same time, we will proactively pursue forward-looking deployment of next-generation IC substrates in line with industry technology trends, such as large-size and high-layer-count, low warpage, and high precision. This will allow us to respond better to key customers' needs for high-bandwidth interconnection and reliable packaging for high-performance computing chips.

In the field of smart devices, as edge AI hardware continues to move toward thinner, smaller and more integrated designs, increasing demands are being placed on packaging miniaturization and higher I/O density. In response, we will continue to develop and upgrade FCCSP and related products for edge

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AI applications, with a focus on higher layer counts, finer line width/spacing and greater interconnection density. We will continue to optimize our product and process capabilities to support the comprehensive requirements of terminal applications in terms of size, performance, and reliability.

Continue to attract talent and build a stable international team

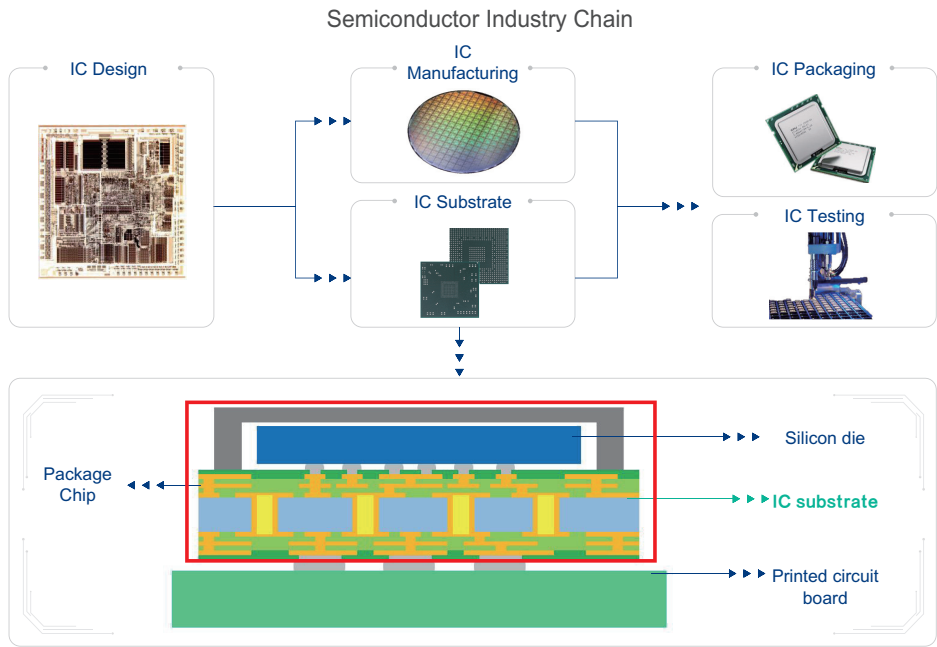
We are committed to fostering an inclusive and dynamic work environment that attracts and retains global top-tier talent, supported by competitive, market-aligned compensation and incentive structures. We will reinforce our training, career development and succession planning frameworks through a tiered talent development system, while refining performance-based incentives and cultivating a cohesive, high-performing organizational culture to support the Company’s global expansion and long-term growth.

We will also build a high-caliber global workforce across R&D, manufacturing, and business expansion through systematic internal development supplemented by targeted external recruitment, including collaboration with universities to cultivate future talent, and with a forward-looking focus on core capability building and alignment with our global business layout. We will also enhance our customer-facing capabilities by establishing dedicated service teams attending to leading global OSAT, IDM and IC design companies and by strengthening our global presence through dedicated business and technical personnel.

OUR PRODUCTS

Overview

Our main products are IC substrates. IC substrate is a specialized, high-density interconnection platform used in semiconductor packaging, serving as a critical carrier that provides electrical connectivity, mechanical support and thermal management between the silicon die and the printed circuit board. IC substrates typically require fine circuitry and multi-layer structures to meet customers’ requirements for electrical performance, signal integrity, and thermal management.



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During the Track Record Period, our IC substrates include FCBGA, FCCSP, WBCSP and module substrates. The following table sets forth a breakdown of our revenue by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(Unaudited)									
IC Substrates										
FCBGA	128,187	10.8	538,359	26.2	966,610	34.2	181,411	33.6	371,534	40.2
FCCSP	690,680	58.4	1,024,964	49.9	1,102,155	39.0	234,867	43.5	310,718	33.6
WBCSP and module	296,509	25.1	398,612	19.4	606,974	21.5	98,547	18.2	183,048	19.8
Sale of scrap materials and Others ⁽¹⁾	67,486	5.7	93,587	4.5	152,883	5.3	25,701	4.7	58,589	6.4
Total	1,182,862	100.0	2,055,522	100.0	2,828,622	100.0	540,526	100.0	923,889	100.0

Notes:

(1) Others primarily include revenue from rental income.

The following table sets out a breakdown of sales volume and ASP information of our IC substrates by product type for the periods indicated:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	Volume	ASP	Volume	ASP	Volume	ASP	Volume	ASP	Volume	ASP
	(panel)	RMB	(panel)	RMB	(panel)	RMB	(panel)	RMB	(panel)	RMB
FCBGA	12,706	10,089	68,314	7,881	123,315	7,839	22,037	8,232	47,233	7,866
FCCSP	530,235	1,303	718,904	1,426	774,094	1,424	162,752	1,443	203,920	1,524
WBCSP and module	374,971	791	467,150	853	696,124	872	108,502	908	200,224	914
Total	917,912	1,289	1,254,367	1,639	1,593,532	1,775	293,290	1,843	451,378	2,047

Notes:

(1) ASP is calculated by dividing the revenue in a given product category by the corresponding sales volume.

During the Track Record Period, the significant growth in sales volume across all our IC substrate types was mainly driven by the significant market demand, as well as our capacity growth. See “Industry Overview” for the market demand of IC substrates in Chinese Mainland and globally. Changes in ASP are generally affected by product mix within each product type. However, our gross margin across product types increased significantly during the Track Record Period. See “Financial Information — Principal Components of Consolidated Statements of Profit or Loss — Gross Loss/Profit and Gross Margin” for more details.

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Applications of Our Products

Our IC substrates can be categorized by application into smart device, AI and HPC, memory, automotive and robotics, and network communications.

The following table sets forth a breakdown of our revenue for the periods indicated:

	Year ended December 31,						Three months ended March 31,					
	2023		2024		2025		2025		2026			
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	(Unaudited)	
IC Substrates												
Smart Device	809,909	68.5	1,232,480	60.0	1,362,350	48.2	273,742	50.6	401,321	43.4		
AI and HPC	26,894	2.3	361,052	17.6	716,217	25.3	130,200	24.1	300,904	32.6		
Memory ⁽¹⁾	175,309	14.8	194,897	9.5	352,205	12.5	60,357	11.2	102,628	11.1		
Automotive and Robotics	22,203	1.9	89,039	4.3	79,235	2.8	7,158	1.3	36,728	4.0		
Network Communications	81,061	6.9	84,467	4.1	165,732	5.9	43,368	8.0	23,719	2.6		
Sale of scrap materials and Others ⁽²⁾	67,486	5.6	93,587	4.5	152,883	5.3	25,701	4.8	58,589	6.3		
Total	1,182,862	100	2,055,522	100	2,828,622	100	540,526	100	923,889	100		

Notes:

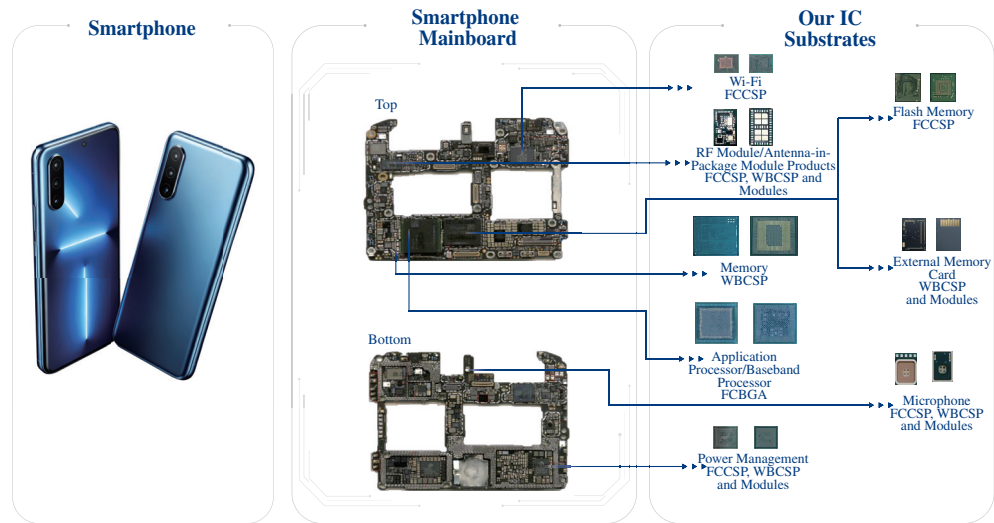
- (1) Memory is presented separately as it is utilized across application areas other than those set forth in this table.
- (2) Others primarily include revenue from rental income.

Smart Device

Smart device application is driven by the continuous upgrade of personal computers, smartphones, tablets and wearable devices. As these devices become thinner, lighter and more powerful, they require IC substrates that support high integration, stable signal transmission, high-density interconnection and efficient power and thermal management. Our IC substrates are used in key chips and modules, supporting computing, communication, sensing, audio, power management and connectivity functions across a wide range of smart device applications.

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The following picture is an illustration of our products integrated into a smartphone:



The following table sets forth our products used in the smart device application area, target chip types, application scenarios and major design features:

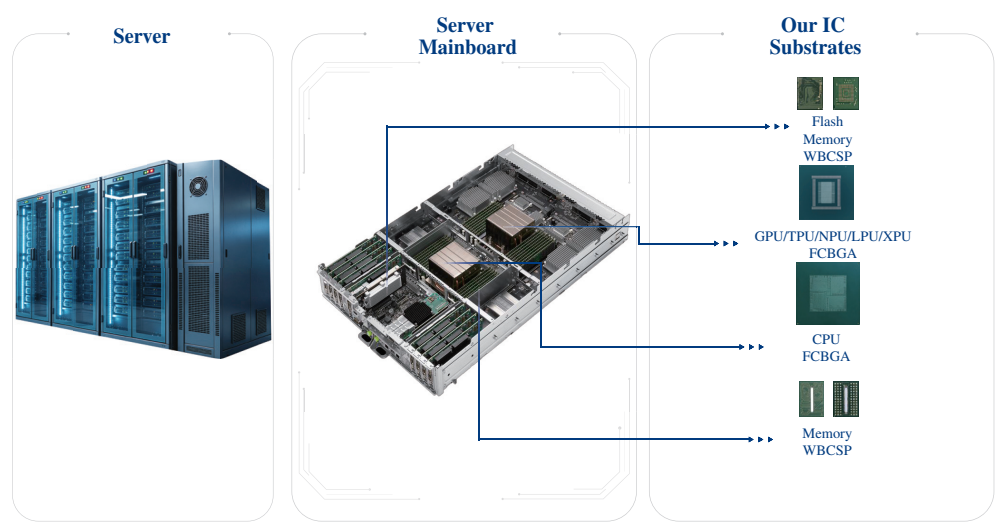
Product	Chip Type	Application Scenario	Design Features
FCBGA	CPU/GPU	Desktop, laptop	- Designed to support computing core of personal computers with optimized mature processes, focusing on manufacturing stability and cost optimization - Layer count: 6–16 layers - Body size: 20–70mm
FCCSP	Application processors, baseband processors, Wi-Fi, RF modules, power and management integrated circuits	High-end and AI-enabled smartphones, and high-end tablets	- Designed for high-end smartphones and tablets, emphasizing highly integrated SoC design, and high-density interconnects - Layer count: 2–5 layers - ETS line width/spacing as fine as 7/10 μm, with products under development reaching 6/8 μm, and mSAP line width/spacing as fine as 12/16 μm
WBCSP and modules	Power management, microphones, RF modules and AiP (antenna-in-package) modules	Smartphones, smart wearable devices	- Decoder chips focus on energy efficiency and decoding quality, PMICs focus on high-efficiency power conversion, MEMS microphones focus on acoustic-to-electrical conversion, and module products focus on high-frequency signal transmission, optimizing RF performance and heat dissipation. - Layer count: 2–9 layers - mSAP line width/spacing as fine as 25/25 μm, and tenting line width/spacing as fine as 25/30 μm

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AI and HPC

AI and HPC applications represent one of the most promising and high-growth application areas for IC substrates. Driven by the rapid development of generative AI, cloud computing, high-performance computing and large-scale data processing, AI and HPC increasingly require advanced computing chips with higher computing power, higher I/O density, faster signal transmission and improved thermal management. These trends create strong demand for high-performance IC substrates, particularly FCBGA substrates with larger sizes, higher layer counts and finer line widths, which are critical to supporting AI accelerators, CPUs, GPUs and other advanced processors used in AI and HPC infrastructure.

The following picture is an illustration of our products integrated into a server:



The following table sets forth our products used in AI and HPC application area, target chip types, application scenarios and major design features:

Product	Chip Type	Application Scenario	Design Features
FCBGA	CPU/GPU/TPU/NPU/LPU/XPU	AI servers, high-performance computing, general purpose servers, cloud computing node	- Designed to support enhanced computing performance through ultra-high-layer routing and high I/O density, with compatibility for 2.5D/3D packaging and Chiplet heterogeneous integration - Layer count: 8–26 layers - Body size: 35–120 mm (the single-side dimension of products under development will exceed 150 mm) - Semi-additive process line width/spacing as fine as 9/12 μm, laser via diameter as small as 40 μm, and the number of micro solder balls exceeding 30,000, with next-generation products expected to exceed 100,000

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Memory

Memory is a rapidly growing application area for IC substrates, supported by the increasing demand for data storage and high-speed data processing across smartphones, personal computers, data centers, automotive electronics and AI-related applications. In recent years, the expansion of cloud computing, generative AI, edge devices and intelligent terminals has driven continued upgrades in memory capacity, bandwidth and performance. These trends have increased the need for reliable and compact IC substrates that support stable electrical performance, efficient signal transmission and high-volume production for memory chips. The following table sets forth our products used in the memory application area, target chip types, application scenarios and major design features:

Product	Chip Type	Application Scenario	Design Features
WBCSP	Low power double data rate (LPDDR) memory, dynamic random access memory (DRAM), NAND flash memory and MultiMediaCard (MMC)	Phones, smart wearable devices, servers, personal computers, automotive	- Realizing stable electrical connections and mechanical support within a compact and ultra-thin form factor, with support for high-speed read/write, high bandwidth, and low latency, ensuring efficient data processing - Layer count: 2–4 layers - mSAP line width/spacing as fine as 25/25 μm, and tenting line width/spacing as fine as 30/30 μm

Automotive and Robotics

The rapid evolution of automotive and robotics is opening up new opportunities for IC substrate applications. In automotive and robotics, rising intelligence—driven by intelligent cockpits, autonomous driving and advanced sensing—requires compact, reliable computing platforms. This imposes stringent requirements on IC substrates in packaging reliability, electrical performance, miniaturization and thermal management, supporting sustained long-term demand growth. The following table sets forth our products used in the automotive and robotics application area, target chip types, application scenarios and major design features:

Product	Chip Type	Application Scenario	Design Features
FCBGA	ADAS chips, smart cockpits chips, intelligent control chips	Smart driver assistance systems, smart cockpits, in-vehicle audio-visual systems, intelligent control units	- For automotive: ADAS chips are responsible for perception and decision-making in intelligent driving, enabling various driver-assistance functions. Smart cockpit chips coordinate in-vehicle audiovisual interaction and device control, comprehensively enhancing driving and riding comfort - For robotics: These chips serve as the decision-making and execution hub of robots, processing multi-sensor information with real-time computing power to ensure that robots safely and accurately complete physical tasks - Layer count: 6–16 layers - Body size: 23–70 mm - Cpk> 1.67⁽¹⁾

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Product	Chip Type	Application Scenario	Design Features
FCCSP	Smart cockpit, Automotive-grade MCUs	Smart cockpits, in-vehicle audio-visual systems, vehicle body control	• For cockpit audio-visual: Serving as the center for in-vehicle interaction and user experience, driving multi-screen interaction and intelligent services through computing power and multimedia capabilities • For vehicle body control: Stringent requirements for functional safety and system stability, ensuring stable and reliable vehicle performance • Layer count: 2–5 layers • ETS line width/spacing as fine as 7/10 μm, with products under development reaching 6/8 μm, and mSAP line width/spacing as fine as 12/16 μm • Cpk> 1.67⁽¹⁾
WBCSP and modules	PMIC, communication chips, RF modules	In-vehicle power management, in-vehicle networking	• Responsible for power conversion and data communication, with optimized cost and power consumption • Layer count: 2–9 layers • mSAP line width/spacing as fine as 25/25 μm, and tenting line width/spacing as fine as 25/30 μm • Cpk> 1.67⁽¹⁾

Note:

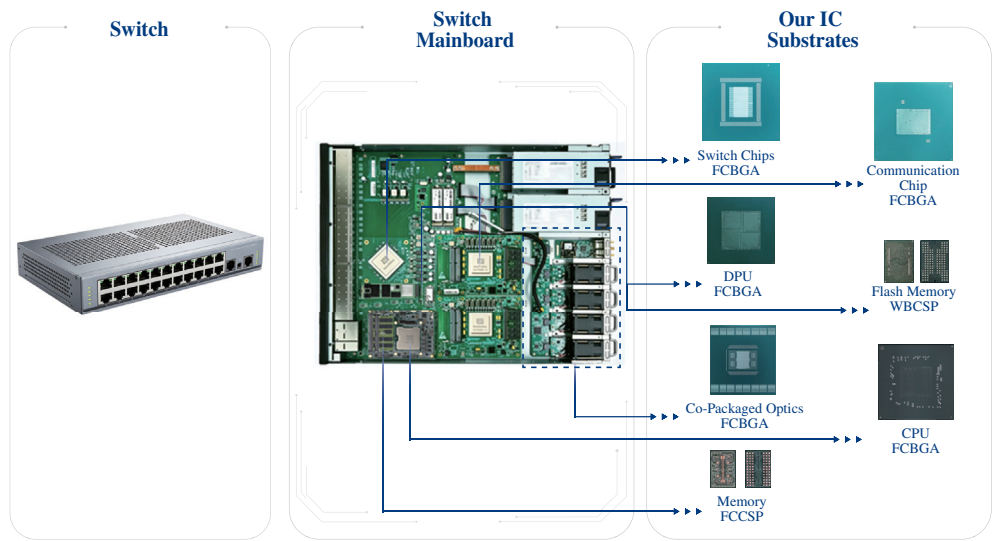
⁽¹⁾ Cpk means process capability index. It is a statistical quality control indicator used to measure whether a manufacturing process can consistently produce products within specified tolerance limits. Cpk > 1.67 indicates that the production process has strong capability and stability, with process variation well controlled within the required specifications.

Network Communications

Network communications represent an important application area for IC substrates, supported by the continued development of 5G networks, high-speed broadband, optical communications, data transmission infrastructure and edge computing. IC substrates used in this area typically require high-speed signal transmission, low signal loss, stable electrical performance and are typically designed with low-loss ABF material systems and low-roughness copper surfaces to reduce insertion loss and return loss. As communication networks continue to evolve toward higher bandwidth, lower latency and greater data-processing capacity, demand for high-performance IC substrates used in network processors, switches, routers, base stations and related communication equipment is expected to continue to grow.

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The following picture is an illustration of our products integrated into a switch:



The following table sets forth our products used in the network communications application area, target chip types, application scenarios and major design features:

Product	Chip Type	Application Scenario	Design Features
FCBGA	Switch chips, communication chips, DPU	CPO, 5G/6G base stations, edge routers	- Designed to support 400G/800G/1.6T and higher-speed interfaces, addressing signal-integrity and high-I/O requirements - Layer count: 8–20 layers - Body size: 21–110 mm - Semi-additive process line width/spacing as fine as 9/12 μm, laser via diameter as small as 60 μm, and the number of micro solder balls exceeding 30,000, with products under development expected to exceed 100,000

Our IC Substrates

FCBGA Substrates

FCBGA substrate is an IC substrate that carries the silicon die through flip-chip bonding on its top side, and provides an array of landing pads on its underside for BGA solder balls, which serve as the external terminals of the completed package for mounting onto the printed circuit board. FCBGA is an advanced packaging technology compared to traditional BGA packaging. FCBGA packages are commonly used for higher I/O counts and offer improved electrical and thermal performance for end applications, such as AI and HPC area. They are trending toward large-size, high-layer-count, low warpage, and high precision.

Our FCBGA substrates use Ajinomoto Build-up Film (ABF) materials and are designed to support advanced, high-performance packaging requirements. The key specifications of our FCBGA substrates include a layer count of 4 to 26+ layers, core thickness ranging from 0.15 mm to 1.6 mm, product sizes

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from 15 mm × 15 mm to 120 mm × 120 mm, and line width/spacing of 9/12 μm. Our technology enables our products to achieve three main features: (1) large-size, high-layer-count, (2) low warpage, and (3) high precision.

- **Large-size and high-layer-count:** We have developed high-reliability substrates designed for silicon interposers, addressing key challenges such as vertical interconnection, thermal management, and interlayer stress balance. Our products demonstrate internationally advanced levels of thermal resistance and fatigue performance. We have also achieved breakthroughs in core technologies including high-layer-count structural design, high-precision layer-to-layer alignment, ultra-low-loss signal transmission, and warpage control for large-size substrates. These advancements enable the mass production of advanced packaging substrates with single-die sizes of 100 mm × 100 mm and 24 layers or more, as well as the R&D validation of advanced packaging substrates with single-die sizes of 138 mm × 138 mm and 28 layers or more, meeting the stringent requirements of high-performance computing applications, such as large-scale model training and inference.
- **Low warpage:** To address the industry-wide challenge of severe warpage in large-size substrates during processes such as lamination and reflow, we have significantly reduced deformation, reduced residue stress and improved flatness, through matched design of low-CTE core materials and build-up dielectrics, high-rigidity symmetric stack-up structures, and refined thermal-stress management processes, in conjunction with customized advanced equipment. These technologies allow us to control final product warpage within 0.1%, substantially improving packaging yield and long-term reliability of end products.
- **High precision:** Our high-integration, high-interconnect-density substrates achieve interlayer alignment accuracy of ±10 μm, which refers to the precise registration of laser-drilled microvias in the build-up layers as well as the accurate alignment of solder mask openings with the corresponding pads, ensuring precise stacking and interconnection of multilayer circuit structures and delivering excellent impedance control and electrical performance for high-frequency, high-speed signal transmission.

FCCSP Substrates

FCCSP substrates adopt flip-chip interconnection technology. Leveraging their miniaturization and flexible structural design capabilities, they are mainly used as advanced fine-pitch packaging substrates for smartphones and automotive electronics.

Our FCCSP substrates use bismaleimide triazine resin glass-fiber copper-clad laminates (BT-CCL) as the base material. Their package size is significantly smaller than that of FCBGA substrates, making them lightweight carriers. Compared with WBCSP packaging technology, FCCSP is designed to provide higher I/O density and improve system performance and stability. Our FCCSP products incorporate embedded trace designs, where circuits are embedded within prepreg to protect fine-line circuitry and enable higher-density interconnects, with key specifications including a layer count of 2 to 5 layers, overall thickness ranging from 0.08 mm to 0.5 mm, product sizes from 3 mm × 3 mm to 21 mm × 21 mm, and line width/spacing down to 6/8 μm. Our technology enables our products to achieve three main features: (1) fine-line circuitry, (2) microvia structures, and (3) thin-form design.

- **Fine-line circuitry:** Our embedded trace substrate (ETS) process supports mass production at line width/spacing of 7/10 μm, with sample-level capability reaching 6/8 μm, while our mSAP process achieves mass production at line width/spacing of 12/16 μm, with sample-level capability reaching 11/15 μm.

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- **Microvia structures:** Our microvia processing technology enables the formation of ultra-fine microvia arrays with diameters below 40 μm , with diameter tolerance controlled within $\pm 3 \mu\text{m}$. A single substrate can integrate tens of thousands to hundreds of thousands of microvias. Our stacked via architecture can enhance memory chip bandwidth by over 20% while reducing package size, meeting the ultra-thin design requirements of smart devices.
- **Thin-form design:** Our equipment supports IC substrate production with thickness as low as 40 μm and can be customized to ultra-thin specifications for memory chip stacking applications, reducing thickness by more than 50% compared to conventional substrates. When combined with coreless substrate technology, we further enhance substrate flexibility and space utilization, achieving total thickness of the finished product as low as 90 μm for two-layer products and as low as 80 μm for three-layer coreless products to meet the requirements of flexible smart devices.

WBCSP Substrates

WBCSP substrates are IC substrates based on a wire-bonding architecture, and represent the largest-volume basic category of IC substrates in the industry. The chip is mounted face-up, and electrical interconnection between the chip and the substrate is achieved through gold wire bonding. This also gives WBCSP package substrates greater flexibility in interconnection methods, enabling the stacking of multiple chips within a single package. Compared with FCCSP substrates, WBCSP substrates generally involve lower technical complexity and lower costs, and are mainly used in mature-process applications. They are a preferred choice for chip packaging applications with high cost-performance requirements, such as memory, smart devices and automobiles.

The key specifications of our WBCSP substrates include a layer count of 2 to 5 layers, overall thickness ranging from 0.12 mm to 0.56 mm, product sizes from 2 mm $\times$ 2 mm to 27 mm $\times$ 27 mm, and line width/spacing of 12/16 μm and above.

Module Substrates

Module substrates are primarily used for radio-frequency (RF) system-in-package substrates, which encapsulate multiple heterogeneous bare chips and passive components within a single package and are the core interconnection carrier for RF modules and antenna-in-package modules. Module substrates typically (i) require a high degree of line width uniformity and copper thickness uniformity, (ii) use high-frequency materials with low dielectric constant and low dielectric loss to ensure the integrity of high-frequency signal transmission., and (iii) feature a high level of functional integration to achieve product miniaturization. The key specifications of our module substrates include a layer count of 2 to 9 layers, overall thickness ranging from 0.13 mm to 0.36 mm, product sizes from 1 mm $\times$ 1 mm to 12 mm $\times$ 12 mm, and line width/spacing of 12/16 μm .

RESEARCH AND DEVELOPMENT

Our R&D Team and Investment

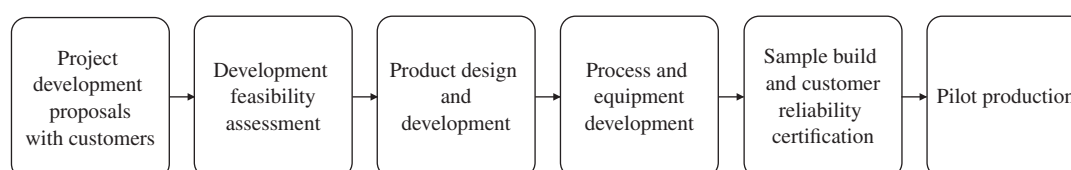
Our commitment to research and development is critical to our long-term growth. As of the Latest Practicable Date, our R&D team comprised 626 employees. Our R&D team possesses industry experience in IC substrate technology, product innovation, materials science and advanced manufacturing processes.

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During the Track Record Period, we continually address technical and engineering challenges associated with customizing and delivering IC substrates in line with the evolving market and customer demands. In 2023, 2024, 2025 and three months ended March 31, 2025 and 2026, our R&D expenses were RMB123.4 million, RMB153.8 million, RMB155.8 million, RMB36.8 million and RMB39.2 million, accounting for 10.4%, 7.5%, 5.5%, 6.8% and 4.2% of our total revenue, respectively. Our R&D efforts have led to various accomplishments. As of the Latest Practicable Date, we owned 236 patents and 75 ongoing patent applications, covering the key aspects of our operations and other emerging technology areas. See “— Intellectual Property” for more details.

Our R&D Approach and Process

We adopt a structured, systemized R&D approach across functions to develop new IC substrates and technologies and continuously enhance process capabilities. Our stage-gated R&D framework, supported by integration of ProjectLink, OA, and SAP systems, enables standardized execution, milestone control, and cross-functional collaboration, enhancing transparency, traceability and on-time delivery. The following flowchart set forth the key stages of our R&D process:



- ***Project development proposals with customers:*** We identify and select R&D projects based on customer collaboration opportunities, customer product roadmaps, and industry technology and market trends. This helps align project selection with customer requirements, application needs, development objectives, expected timelines and anticipated industry development.
- ***Development feasibility assessment:*** We assess technical feasibility, market value and commercial potential, including materials availability, design complexity, process capability, market demand, technology lifecycle, expected returns and customer roadmap alignment. This helps ensure that projects entering formal development have clear technical pathways and commercial rationale.
- ***Product design and development:*** We complete structural design, define key design parameters and constraints based on customer requirements, and formulate preliminary process flows and design-for-manufacturability considerations for subsequent development.
- ***Process and equipment development:*** We develop and verify critical process steps, process windows and equipment/process parameters, and optimize process flows to support manufacturability and product requirements, including large-sized, high-layer-count, highly integrated FCBGA substrates and miniaturized FCCSP, WBCSP and module substrates.
- ***Sample build and customer reliability certification:*** We fabricate engineering samples under approved design rules and process flows, provide them to customers for reliability verification and performance evaluation, and refine product design or process parameters based on test results where necessary.
- ***Pilot production:*** We conduct pilot production to verify mass production readiness, including process stability and repeatability, bottleneck resolution, and finalization of control plans and key quality/process documentation for commercial production.

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Our Technologies

Our core technologies enable us to develop and customize high-performance IC substrates to meet our customers’ evolving requirements across different application scenarios. We will continue to improve our technological capabilities aimed at enhancing circuit precision, via formation capability, product stability and reliability, with a focus on fine line formation and hole control. We promote innovation in product design, material application, process technology and equipment selection to enhance product quality:

- **Product design.** Our product design capabilities enable us to provide IC substrate solutions for various forward-looking application scenarios in the AI era. To support the advanced packaging requirements for higher computing power and higher levels of integration, we are developing products with larger sizes (>100 mm) and higher layer counts (≥30 layers). To support higher-density interconnection, we have developed a variety of miniaturization processes, including fine lines, microvia diameters, fine solder mask opening capabilities and fine micro solder ball pitches. In terms of fine-line capabilities, our semi-additive process can achieve sample-level capability reaching 8/8 μm; our modified semi-additive process can achieve sample-level capability reaching 11/15 μm; and our embedded circuit process can achieve sample-level capability reaching 6/8 μm. We have also developed microvia capabilities that enable the production of 40 μm laser vias on 60 μm pads, as well as fine solder mask opening capabilities that enable the production of 40 μm solder mask openings on 60 μm pads, and micro solder ball pitch capabilities as low as 80 μm to accommodate higher I/O counts.
- **Material application.** We possess process capabilities for a variety of advanced materials and have established a comprehensive material data system, enabling us to complete material selection at the proposal stage of co-development with customers. We work closely with customers to develop and validate IC substrates using next-generation low-CTE and low-loss materials, including CCL, ABF materials and prepregs, which can address challenges such as high flatness and high-frequency, high-speed transmission. We have also developed a copper surface micro-roughening treatment process, which applies a low-etching-volume solution to signal layers with stringent line width/spacing requirements, thereby ensuring dimensional accuracy of fine lines, impedance stability and signal integrity.
- **Process technology.** We have developed advanced process technologies to meet the diverse requirements of our customers, including but not limited to: (i) coreless substrate technology, which is designed to eliminate the core layer traditionally used in IC substrates, thereby significantly reducing the vertical profile and overall weight of the package; by reducing the thickness of the dielectric layer, this technology can also reduce signal transmission delay, improve signal integrity and support higher-frequency and higher-speed data transmission; (ii) multi-core layer technology, which involves replacing a single thick core with a stacked structure of multiple thin core boards, providing an advanced solution for chips with large package sizes, high power consumption and high I/O density; (iii) embedded passive component technology, which is designed to embed passive components inside the substrate to improve signal integrity, save space and enhance the level of integration; and (iv) copper pillar technology, which uses high-density copper pillars to replace traditional micro solder balls, enabling higher-density routing and increasing I/O counts.

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- **Equipment selection.** Our intelligent manufacturing products are equipped with stepper exposure machines, high-precision CO2 laser drilling machines and high-precision ball placement machines, and the capabilities of our key equipment can cover fine-line, microvia and fine micro solder ball pitch designs. For other technological capabilities under development, we are also actively developing new equipment to meet customers’ demand for more advanced products, such as lamination machines for multi-core layer technology and embedded component placement machines for embedded passive component technology.

INTELLECTUAL PROPERTY

Our intellectual property rights are critical to our business operations. As of the Latest Practicable Date, we owned 236 patents (including 188 invention patents), eleven registered trademarks and three copyrights globally. See “Appendix V — Statutory and General Information — B. Further Information about our Business — 2. Intellectual Property” for more details of our material intellectual property portfolio.

We safeguard our intellectual property through applicable intellectual property laws, as well as confidentiality agreements signed with our employees. We specify all rights and obligations regarding the ownership and protection of intellectual properties in all employment agreements we entered into with our employees. In addition, we require employees to sign standard agreements stipulating that any service inventions, trade secrets, and R&D achievements acquired during their service with us shall be our assets and that the titles of such achievements shall be transferred to us. As of the Latest Practicable Date, our intellectual property portfolio included certain Material Co-owned Patents (as defined below). As advised by our PRC IP Legal Advisor and U.S. IP Legal Advisor, (a) our Group is entitled to the complete and unrestricted use of the Material Co-owned Patents and has the rights to use and grant non-exclusive license in respect of the Material Co-owned Patents to third parties independently; (b) our Group is entitled to all revenue or income derived by our Group from the Material Co-owned Patents; and (c) the rights of our Group with respect to the Material Co-owned Patents are not subject to unilateral termination by the Retained Zhen Ding Group. See “Relationship with Our Controlling Shareholders — Non-Competition Undertaking, and, — Independence from Our Controlling Shareholders — Research and Development” for more details.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any threatened or pending disputes relating to infringement of intellectual property rights which would have a material adverse effect on our business.

PRODUCTION

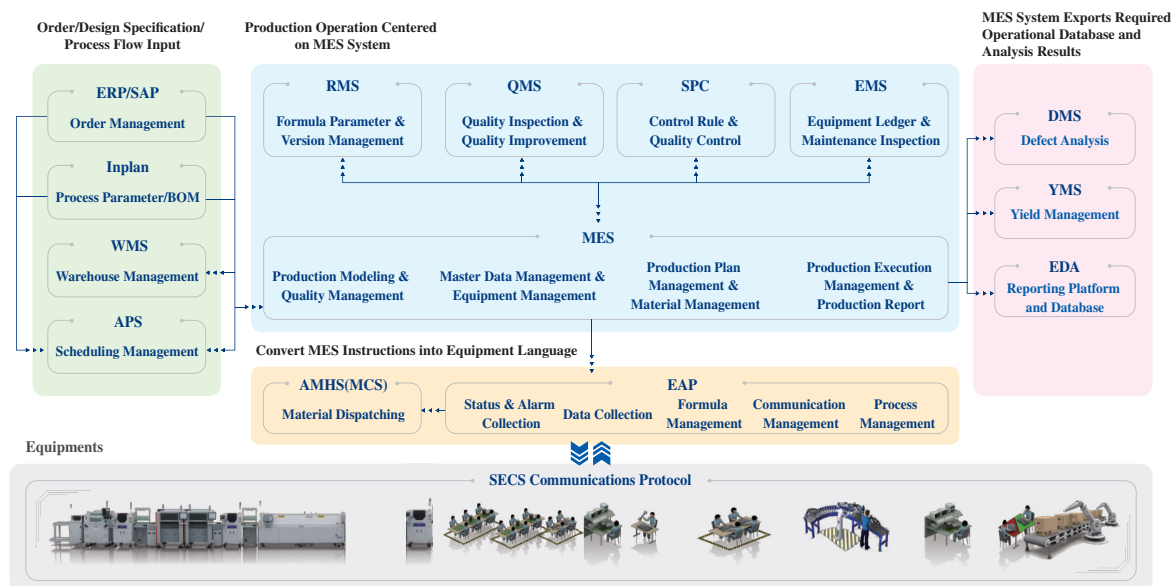
Production Process

Intelligent Production and Application of AI Tools

We are among the first IC substrate providers globally to adopt the Semiconductor Equipment Communication Standard (SECS) communications protocol, according to Frost & Sullivan, enabling data-driven control across the product life cycle and ensuring stable and traceable production parameters. Our manufacturing operations are highly automated and intelligent, built to international standards and supported by leading global equipment suppliers in Japan, Chinese Taiwan, Korea, and Germany. We leverage full-process intelligent manufacturing, integrating semiconductor manufacturing software, end-to-end automation and AI-enabled design and inspection within a unified digital architecture, enhancing efficiency, quality and stability.

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Our integrated intelligent system connectivity is centered on Manufacturing Execution System (MES) and integrates other systems of order, design, process and production. It connects different systems with one another, forming a complete intelligent system for a smart factory. In addition, powered by SECS communication protocols, data of our production facilities is shared in real time and centrally managed, enabling remote monitoring, precise resource scheduling and informed decision-making.



- *SECS Qualified Manufacturing Equipment*

Our production equipment adopting the advanced SECS Communications Protocol used in the semiconductor industry includes laser direct imaging (LDI), laser drilling, high-precision AOI, vertical continuous plating (VCP) and ABF lamination. See “— Our Supply Chain — Equipment” for more details.

- *Order/Design Specification/Process Flow Input*

We use an SAP system as our operational hub, integrating financial, materials, sales and manufacturing functions and linking sales orders to production. Through Inplan software, we convert customer designs into standardized work orders, accelerating new product introduction. Integrated with warehouse management (WMS) and advanced planning systems (APS), we enable real-time production and material visibility, enhancing supply chain efficiency.

- *Production Operations Centered on the MES*

We use the MES as the brain of our production operations, together with APS for dynamic scheduling, to maximize production line utilization and eliminate production bottlenecks. In conjunction with the Recipe Management System (RMS) and the Quality Management System (QMS), we have upgraded the traditional “post-production sampling inspection” model to “full-process real-time monitoring and pre-warning,” ensuring excellent delivery quality.

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- *Converting MES Instructions into Equipment Language*

SECS is the rigorous communication mechanism established between MES and equipment, serving as the physical foundation for intelligent manufacturing. The Equipment Automation Program (EAP) is able to accurately transmit recipes and work order instructions issued by MES to equipment. At the same time, the real-time operating status, temperature, pressure and alarm information of the equipment can also be immediately fed back to MES and EAP through SECS channels, enabling second-level data collection and monitoring as well as highly intelligent production.

- *MES System Outputs Databases and Analytical Results Required for Operations*

The system conducts full-production-line quality traceability through the Yield Management System (YMS) and Defect Management System (DMS). YMS and DMS can deeply integrate MES production history data with IC substrate testing data. In combination with Fine Business Intelligence and Fine Report Business Intelligence platforms, we conduct in-depth mining and attribution analysis of massive production data to accurately identify the causes of micron-level process variations. We have also established a data warehouse to store production data, laying a solid foundation for subsequent system development and deeper data mining.

- *Application of AI Tools*

We apply AI across R&D, manufacturing, quality control and logistics to improve efficiency through system integration, data and automation, covering intelligent design, machine learning and analytics, AI-aided production management and AI-aided monitoring. In intelligent design, we use standardized databases and AI tools with Optical Character Recognition (OCR) and large models to extract parameters from drawings and convert them into production parameters. In machine learning and analytics, we use automation and algorithms to support data analysis and decision-making. In AI-aided production management, our Advanced Planning System (APS) enables dynamic scheduling by integrating multiple production constraints, including equipment status, work-in-process levels and processing time. In AI-aided monitoring, our quality traceability system, together with inspection, Fault Detection and Classification (FDC) and Prognostics and Health Management (PHM) systems, enables real-time alerts and predictive maintenance.

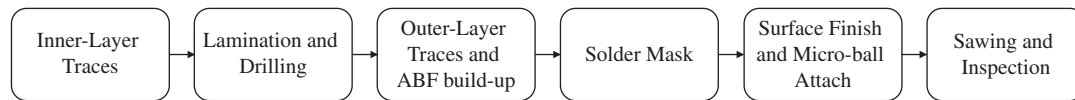
Our intelligent production system supports consistent quality improvement and enables process optimizations to be standardized and replicated across new production lines. This provides technical support for future capacity expansion. In addition, our financial systems are integrated with manufacturing operations, with production data processed through SAP and converted into financial information, improving the efficiency and accuracy of financial reporting.

Our Production Process

The production process varies depending on the product type and customer requirements. The following sections set forth the key steps in the production processes for FCBGA, FCCSP (embedded and non-embedded trace type), WBCSP and module substrates.

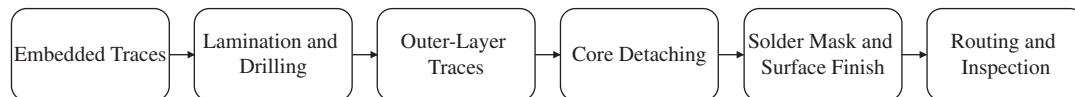
BUSINESS

FCBGA Production Process



1. **Inner-Layer Traces:** Mainly comprising drilling, copper plating, via plugging and image transfer, this process enables vertical signal interconnection, and transfers circuit patterns to inner layers.
2. **Lamination and Drilling:** ABF film is heat-pressed in a vacuum environment to improve flowability and form a dense insulating layer, followed by laser processing and electroplating to enable interlayer conduction.
3. **Outer-Layer Traces and ABF build-up:** The designed circuit patterns are transferred onto the outer layers through image transfer technology and a series of processes, including desmear, electroless copper plating, dry-film lamination, exposure, development, electroplating and etching.
4. **Solder Mask:** Solder mask involves applying permanent solder resist to protect non-soldering areas while exposing soldering areas for subsequent use.
5. **Surface Finish and Micro-ball Attach:** Surface finish (immersion tin/electroless nickel electroless palladium immersion gold/OSP) forms an oxygen barrier to prevent oxidation and facilitate soldering, while micro-ball attach ensures precise solder ball placement and reflow.
6. **Sawing and Inspection:** Products are cut into shipment units and undergo electrical testing and visual inspection before delivery.

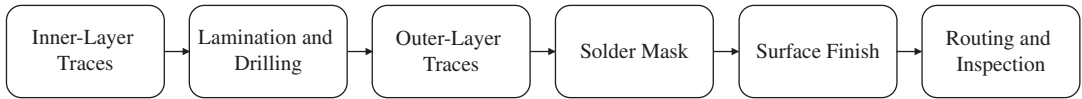
FCCSP (Embedded Trace Type) Production Process



1. **Embedded Traces:** Circuit formation is achieved through electroplating and etching to embed circuitry into the resin of the prepreg dielectric layer for protection.
2. **Lamination and Drilling:** Lamination softens prepreg under heat and pressure to bond with copper surfaces, while drilling and electroplating enable interlayer conduction.
3. **Outer-Layer Traces:** Circuit layers are formed through chemical copper deposition, film lamination, exposure, development, electroplating and etching.
4. **Core Detaching:** After embedded circuitry is formed, the detachable substrate is separated and processed.
5. **Solder Mask and Surface Finish:** Solder mask protects non-soldering areas while surface finish applies organic solderability preservative (OSP) to prevent oxidation and facilitate soldering.
6. **Routing and Inspection:** Products are routed to required dimensions and undergo electrical and visual inspection.

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FCCSP (Non-Embedded Trace Type), WBCSP and Module Production Process



- 1. **Inner-Layer Traces:** The process comprises drilling, copper plating and image transfer to enable vertical signal conduction and transfer circuit patterns onto IC substrates.
- 2. **Lamination and Drilling:** Lamination softens prepreg under heat and pressure to achieve build-up and bonding, while laser drilling and electroplating enable interlayer conduction.
- 3. **Outer-Layer Traces:** Chemical copper deposition and image transfer (tenting or mSAP) are used to form circuit layers, followed by AOI inspection.
- 4. **Solder Mask:** Solder mask involves applying permanent solder resist to protect non-soldering areas while exposing soldering areas for subsequent use.
- 5. **Surface Finish:** Surface finish forms a protective barrier on copper conductors through processes such as soft/hard gold electroplating, electroless nickel immersion gold, electroless nickel electroless palladium immersion gold and OSP to prevent oxidation and ensure solderability.
- 6. **Routing and Inspection:** Products are routed to required dimensions and undergo electrical and visual inspection.

Existing Production Facilities

We operate in a rapidly growing AI market where the production capacity often limits the growth potential of a company in the supply chain. Against this backdrop, we strategically anticipated the future capacity needs, and incorporated substantial capacity expansion headroom in our initial plant design, coupled with a phased equipment installation approach to quickly ramp-up our capacity when our actual orders grow. See “— Business Sustainability and Profitability” for more details.

Our Shenzhen site principally focused on FCBGA substrates, while our Qinhuangdao site principally focused on FCCSP, WBCSP and module substrates. Due to the different technical characteristics of our FCBGA and FCCSP, WBCSP and module substrates, most of the raw materials, chemicals and production equipment used in these product categories differ, and we therefore produce them in separate factories. The current total gross floor area of the Shenzhen site is 213,690.1 sq.m., and that of the Qinhuangdao site is 93,499.1 sq.m.

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The following table sets out certain details of our production facilities in operation as of the Latest Practicable Date:

Production Facility	Geographic Location	Major Products	Gross Floor Area (<i>m</i> ²)	Mass Production Year	Expansion to Designed Full-load Production Capacity
Shenzhen Plant 1	Shenzhen, China	FCBGA substrates	84,477	2024	Fourth quarter of 2026
Qinhuangdao Plant 1	Qinhuangdao, China	FCCSP, WBCSP, Module substrates	34,131	2013	First quarter of 2026
Qinhuangdao Plant 2	Qinhuangdao, China	FCCSP substrates	34,580	2022	First quarter of 2027

Since we incorporated substantial capacity expansion headroom in our initial plant design, our utilization rates measured as a percentage of our full-load designed capacity tend to be low during the first few years after commencement of operations. We install equipment in our production facilities in stages, and we plan our actual production on a monthly basis based on the forecasted demand of our customers and the anticipated market trends. We continuously monitor our production planning based on the rolling forecasts of customer orders. The following table sets forth our production capacity, actual output and utilization rate for the periods indicated:

	Year ended December 31,						Three months ended March 31,	
	2023		2024		2025		2026	
	<i>Panels</i> ⁽⁴⁾ (thousands)	% of (A)	<i>Panels</i> ⁽⁴⁾ (thousands)	% of (A)	<i>Panels</i> ⁽⁴⁾ (thousands)	% of (A)	<i>Panels</i> ⁽⁴⁾ (thousands)	% of (A)
Shenzhen Plant 1								
(A) Full-load designed capacity ⁽¹⁾⁽²⁾	3,360	100.0%	3,360	100.0%	3,360	100.0%	840	100.0%
(B) Actual-installed capacity ⁽¹⁾⁽³⁾	856	25.5%	1,050	31.3%	1,050	31.3%	302	36.0%
(C) Actual output ⁽¹⁾	116	3.5%	446	13.3%	727	21.6%	280	33.3%
Qinhuangdao Plant 1								
(A) Full-load designed capacity ⁽¹⁾⁽²⁾	1,411	100.0%	1,411	100.0%	1,411	100.0%	353	100.0%
(B) Actual-installed capacity ⁽¹⁾⁽³⁾	1,243	88.1%	1,263	89.5%	1,324	93.8%	344	97.5%
(C) Actual output ⁽¹⁾	927	65.7%	972	68.9%	1,200	85.0%	339	96.0%
Qinhuangdao Plant 2								
(A) Full-load designed capacity ⁽¹⁾⁽²⁾	1,008	100.0%	1,008	100.0%	1,008	100.0%	252	100.0%
(B) Actual-installed capacity ⁽¹⁾⁽³⁾	425	42.2%	492	48.8%	640	63.5%	180	71.4%
(C) Actual output ⁽¹⁾	221	21.9%	357	35.4%	526	52.2%	166	65.9%

Notes:

- (1) Based on bottleneck stage in the production process. For FCBGA products, we view the circuit build-up (ABF build-up) stage as the bottleneck and for FCCSP, WBCSP and module products, we view surface treatment output as the bottleneck.

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- (2) Full-load designed capacity represents the designed maximum capacity of the factory, calculated based on the total amount of equipment that can be placed within the overall factory layout. Production time is calculated on the basis of 28 full production days per month after routine maintenance during the period.
- (3) Actual installed capacity represents the factory’s actual maximum capacity during the period, calculated based on the total amount of equipment actually installed at the factory during the period. Production time is calculated on the basis of 28 full production days per month after routine maintenance during the period, adjusted for annual shutdowns and line stoppages based on actual operational conditions.
- (4) Production volume is measured in working panels, which is the standard unit used in production. Prior to shipment, panels are cut to customer-specified sizes.

See “— Business Sustainability and Profitability” for a description of our strategy in planning for our production capacity, and how that affected and is expected to affect our growth, and profitability historically and in the near future.

Planned Production Facilities

We intend to further increase our overall production capacity progressively to satisfy market demand by expanding our existing production facilities and constructing new production facilities. The following table summarizes details of our planned key production facility:

Production Facility	Geographic Location	Major Products	Gross Floor Area (m ²)	Expected commencement of production	Annual full-load designed capacity Panels ⁽¹⁾ (thousands)	Status as of the Latest Practicable Date
Shenzhen Plant 2	Shenzhen, China	FCBGA substrates	85,278	First quarter of 2027	3,360 ⁽²⁾	Equipment installation in progress

Notes:

- (1) Production volume is measured in working panels, which is the standard unit used in production. Prior to shipment, panels are cut to customer-specified sizes.
- (2) Calculated based on ABF build-up stage. Represents the designed maximum capacity of the factory, calculated based on the total amount of equipment that can be placed within the overall factory layout. Production time is calculated on the basis of 28 full production days per month after routine maintenance.

QUALITY CONTROL

We adhere to quality control standards and have established a comprehensive quality management system to facilitate consistent deliveries of qualified IC substrates. Specifically, we adhere to the internationally recognized quality management system certifications, including ISO9001 for overall quality management consistency; IECQ QC080000 for hazardous substance process management during our IC substrate production process; ISO14001 for our environmental management and sustainability practices; and ISO45001 for our occupational health and safety management; IATF16949 for automotive product quality management; ISO22301 for business continuity management; ISO14064 for greenhouse gas management; ISO14067 for product carbon footprint management; ISO50001 for energy management; and ISO27001 for information security management.

We established a dedicated team with expertise in quality control. Our quality control team is responsible for the overall quality management of our operations, and will review and evaluate various processes that encompass the entire production lifecycle, including supplier quality evaluation, incoming material inspections, in-process quality control and finished product inspections.

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LOGISTICS AND INVENTORY MANAGEMENT

Logistics

We maintain an efficient logistics system to enhance customer satisfaction and inventory efficiency. We deliver our products in accordance with the terms agreed with our customers. Where we are responsible for delivery, we engage qualified third-party logistics providers to transport finished goods from our production facilities to customer-designated locations. We establish stringent transportation standards for these logistics providers and conduct regular compliance and performance evaluations to ensure efficient and reliable delivery.

Inventory Management

Our inventories primarily comprise raw materials, work-in-progress and finished goods stored at our Shenzhen and Qinhuangdao production bases. We assign dedicated personnel to report inventory status to management on a regular basis. We operate a SAP system to manage raw material inflows, outflows and inventory levels, and make use of WMS to enable data collection across the product life cycle and maintaining production parameters, with regular stock-taking to ensure accuracy. See “Financial Information — Selected Balance Sheet Items — Net Current Liabilities — Inventories” for more details.

SALES AND MARKETING

Our Sales Network

During the Track Record Period, we primarily sell our products through direct sales, such as direct orders from OSAT, IC design and IDM companies. Most of the products sold through direct sales feature customized specifications as requested directly by our customers. This approach allowed us to deliver tailored products and work closely to address the needs of our customers.

During the Track Record Period, we did not have any distributors, except for one end customer whose business model involves a trading partner undertaking centralized procurement and handling import and export customs clearance. That trading partner serves as our direct customer and revenue from sales via such trading partner represented only 0.2%, 0.2%, 0.2%, 0.2% of our total revenue in 2023, 2024, 2025 and three months ended March 31, 2026, respectively. We signed a sales agreement with this trading partner with similar terms as our other direct sales customers. See “— Our Direct Sales” for more details. We did not enter into any distribution agreement with this trading partner, nor did we authorize it to acquire end customers, negotiate on our behalf, or maintain inventory for resale. To the best of our knowledge, during the Track Record Period, this trading partner was an Independent Third Party. As of the Latest Practicable Date, we were not aware of any potential abuses or improper use of our name by our trading partner that could adversely affect our reputation, business operations or financial condition.

In addition, to establish effective contact with Korean and Chinese Taiwanese customers, we engaged a small number of agents in South Korea and Chinese Taiwan. Our revenue generated from the sales to the customers introduced by these agents accounted for 33.0%, 21.5%, 1.9%, and 1.6% of our total revenue in 2023, 2024, 2025 and three months ended March 31, 2026, respectively. We ended our cooperation with Chinese Taiwan agent in 2025. These agents only provide sales support services such as customer referrals, business liaison and reconciliation assistance and we directly handled order placement, product delivery and settlement of payments with our customers.

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During the Track Record Period, our products were sold in both domestic and international markets. The following table sets forth our revenue by sales region during the Track Record Period:

	Year ended December 31,						Three months ended March 31,			
	2023		2024		2025		2025		2026	
	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)	RMB'000	(%)
	(Unaudited)									
Chinese Mainland . .	429,529	36.3	1,049,891	51.1	1,603,052	56.7	309,324	57.2	526,084	56.9
Offshore										
Chinese Taiwan . .	714,385	60.4	912,342	44.4	1,079,432	38.2	211,121	39.1	340,200	36.8
Others ⁽¹⁾	38,948	3.3	93,289	4.5	146,138	5.1	20,081	3.7	57,605	6.3
Total	1,182,862	100.0	2,055,522	100.0	2,828,622	100.0	540,526	100.0	923,889	100.0

Notes:

(1) Others primarily include South Korea, Singapore and United States.

Our Direct Sales

We sell our products through our sales and marketing team, comprising 74 employees as of the Latest Practicable Date. Through direct sales, we can understand customers’ demands and business development plan firsthand, and engage in deep collaboration with customers in strategy, technological roadmap and product development. Such proximity with our customers allows us to sell our products effectively and efficiently. Our customers generally make customized requirements on product specifications for the IC substrates, and will review and conduct certifications on key performance of the required products.

During the Track Record Period, our customers primarily consisted of OSAT, IC design and IDM companies. We develop and acquire customers primarily through the turnkey model, under which OSAT companies typically take the lead in selecting or recommending substrate suppliers based on the requirements of their customers, being IC design companies. In such cases, maintaining close and ongoing engagement with the procurement and engineering personnel of OSAT companies is important for us to secure business opportunities. We are also actively developing IC design and IDM companies as our direct customers. To identify and develop business opportunities, we generally enhance our market outreach and customer access through industry ranking reports, introductions from industry participants, and participation in exhibitions, seminars and other industry events.

We generally enter into framework agreements with our direct sales customers. Salient terms of our typical direct sales agreements are as follows:

- **Term and termination.** We generally enter into framework direct sales agreements without a fixed term, which may be terminated by mutual agreement or by either party upon prior written notice under events specified under the agreements.
- **Pricing policy.** We sell our products to direct sales customers at mutually agreed price ranges under purchase orders.
- **Payment and credit term.** We have both prepayment customers and customers granted credit terms. Credit-term customers make payment within the agreed period after acceptance of products, with payment terms ranging from 30 to 90 days.

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- **Purchase amount.** We specify purchase amounts in the purchase orders in line with the framework agreements.
- **Product guarantee and return arrangements.** We generally do not allow our direct sales customers to return products to us except in limited circumstances such as product defects.
- **Delivery and logistics.** We are responsible for delivering our products to locations designated by our direct sales customers.
- **Confidentiality.** These framework agreements usually contain strict confidentiality provisions or are accompanied by confidentiality agreement annexes, which restrict parties from disclosing confidential information.

Pricing

We price our products considering a variety of factors, including technology competitiveness, product costs, and purchase volume. According to Frost & Sullivan, the pricing of our main products during the Track Record Period was generally within the price ranges observed in the industry.

Marketing

We have established industry recognition through long-term, in-depth collaboration with leading customers across a broad range of application areas. By adopting differentiated marketing and customer engagement strategies tailored to specific end-markets, we focus our resources on high-growth and strategically important applications, such as AI and HPC, network communications, and automotive.

Our marketing strategy is centered on close and continuous interaction with customers from early-stage engagement and solution design to mass production and post-delivery support. Through frequent technical exchanges and collaborative development initiatives, we are able to gain a deep understanding of customers’ evolving product requirements, technology roadmaps and market trends.

This customer-centric approach enables us to position our products effectively, participate in joint development projects, respond promptly to technical challenges during qualification and production, and deliver reliable and timely after-sales support.

Product Return

Based on our policy and agreements with our customers, products sold to customers cannot be returned except for instances of product design defects and quality issues. The value of products returned by customers accounted for 2.0% of our total revenue in 2023, 1.3% in 2024, 0.8% in 2025, and 0.2% in the three months ended March 31, 2026. During the Track Record Period and up to the Latest Practicable Date, we did not receive any material product return, exchange, complaints or product liability claims from our customers. Since we received no material customer complaints or request for product exchange due to product quality and defects which were material to our business, we did not incur any material warranty expense or made any provision for such warranty expense during the Track Record Period and up to the Latest Practicable Date.

OUR CUSTOMERS

During the Track Record Period, our customers primarily consisted of OSAT, IC design and IDM companies. See “— Our Direct Sales” for more details. In 2023, 2024, 2025 and the three months ended March 31, 2026, our revenue generated from our five largest customers were RMB962.6 million, RMB1,668.2 million, RMB2,165.9 million and RMB628.8 million, representing 81.4%, 81.2%, 76.6%

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and 68.1% of our total revenue, respectively. In addition, revenues generated from our largest customer accounted for 37.8%, 38.6%, 36.4% and 29.0% of our total revenues in the same periods, respectively.

Except for Retained Zhen Ding Group, all of our five largest customers during the Track Record Period were Independent Third Parties. During the Track Record Period and as of the Latest Practicable Date, none of our Directors, their close associates or any Shareholders who, to the knowledge of our Directors, owned more than 5% of our issued share capital had any interest in any of our five largest customers other than Retained Zhen Ding Group. See “Connected Transactions” for further details on the transactions with Retained Zhen Ding Group. To the best of our knowledge and as of the Latest Practicable Date, we were not aware of any information or arrangement that would lead to the termination of our relationships with any of our major customers.

The following table sets forth the details of our five largest customers in each period during the Track Record Period.

Rank	Customer	Sales Amount (RMB'000)	% of total revenue	Type of product/ services purchased	Credit terms	Year of commencement of business relationship ⁽¹⁾
<i>For the year ended December 31, 2023</i>						
1	Customer A ⁽²⁾ . . .	446,563	37.8	FCBGA, FCCSP, WBCSP	60 days	2011
2	Retained Zhen Ding Group ⁽³⁾ . . .	279,275	23.6	FCBGA, FCCSP, WBCSP	90 days	N/A
3	Customer B ⁽⁴⁾ . . .	131,335	11.1	FCBGA, FCCSP, WBCSP	60 days	2018
4	Customer C ⁽⁵⁾ . . .	62,948	5.3	FCBGA, FCCSP, WBCSP	60–90 days	2015
5	Customer D ⁽⁶⁾ . . .	42,449	3.6	Scrap materials	60 days	2019

Notes:

- (1) Representing the commencement of the business relationship with the Group after 2019 or with Retained Zhen Ding Group before the establishment of the Company.
- (2) Customer A is an OSAT company incorporated in Chinese Taiwan and listed on the Taiwan Stock Exchange.
- (3) Zhen Ding is our Controlling Shareholder. Apart from our Group’s business, Zhen Ding has interests in other businesses operating through various direct and indirect subsidiaries that do not form part of our Group. See “Relationship with Our Controlling Shareholders — Business delineation between the retained Zhen ding group and our group” for more details.
- (4) Customer B is an OSAT company incorporated in Chinese Mainland and listed on the Shenzhen Stock Exchange.
- (5) Customer C is an OSAT company incorporated in Chinese Taiwan and listed on the Taiwan Stock Exchange.
- (6) Customer D is a company incorporated in Chinese Mainland, which principally engages in the treatment and disposal of industrial solid waste, including hazardous industrial waste, and the provision of related recycling and technical services.

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<u>Rank</u>	<u>Customer</u>	<u>Sales Amount</u>	<u>% of total revenue</u>	<u>Type of product/ services purchased</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship</u>
<i>(RMB'000)</i>						

For the year ended December 31, 2024

1	Customer A	792,408	38.6	FCBGA, FCCSP, WBCSP	60 days	2011
2	Customer B	464,229	22.6	FCBGA, FCCSP, WBCSP	60 days	2018
3	Customer C	216,593	10.5	FCBGA, FCCSP, WBCSP	90 days	2015
4	Customer E ⁽¹⁾ . . .	141,910	6.9	FCBGA, FCCSP, WBCSP	60 days	2021
5	Customer F ⁽²⁾ . . .	53,050	2.6	FCCSP, WBCSP	60 days	2013

Notes:

- (1) Customer E is an OSAT company incorporated in Chinese Mainland.
- (2) Customer F is an OSAT company incorporated in Chinese Mainland and listed on the Shenzhen Stock Exchange.

<u>Rank</u>	<u>Customer</u>	<u>Sales Amount</u>	<u>% of total revenue</u>	<u>Type of product/ services purchased</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship</u>
<i>(RMB'000)</i>						

For the year ended December 31, 2025

1	Customer A	1,028,694	36.4	FCBGA, FCCSP, WBCSP	60 days	2011
2	Customer B	710,871	25.1	FCBGA, FCCSP, WBCSP	60 days	2018
3	Customer E	183,159	6.5	FCBGA, FCCSP, WBCSP	60 days	2021
4	Customer C	144,630	5.1	FCBGA, FCCSP, WBCSP	90 days	2015
5	Customer G ⁽¹⁾ . . .	98,569	3.5	FCCSP, WBCSP	90 days	2011

Notes:

- (1) Customer G is an OSAT company incorporated in Chinese Taiwan and listed on the Taiwan Stock Exchange.

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Rank	Customer	Sales Amount (RMB'000)	% of total revenue	Type of product/services purchased	Credit terms	Year of commencement of business relationship
<i>For the three months ended March 31, 2026</i>						
1	Customer A.	267,686	29.0	FCBGA, FCCSP, WBCSP	60 days	2011
2	Customer B.	206,620	22.4	FCBGA, FCCSP, WBCSP	60 days	2018
3	Customer E.	55,001	6.0	FCBGA, FCCSP, WBCSP	60 days	2021
4	Customer C.	52,689	5.7	FCBGA, FCCSP, WBCSP	90 days	2015
5	Retained Zhen Ding Group.	46,756	5.1	Scrap Materials	90 days	N/A

Customer Concentration

In 2023, 2024, 2025 and the three months ended March 31, 2026, revenue generated from our five largest customers accounted for 81.4%, 81.2%, 76.6% and 68.1% of our revenue, respectively. In the same periods, revenue generated from our largest customer accounted for 37.8%, 38.6%, 36.4% and 29.0% of our revenue, respectively. See “Risk Factors-Risks relating to our business and industry — Our business, financial condition and results of operations may be subject to adverse effects from the risk of customer concentration.” for further details. According to Frost & Sullivan, given the stringent technical requirements and the critical need for supply chain stability across the downstream semiconductor sectors, the downstream customer base of the IC substrate industry is concentrated in a limited number of leading OSAT companies. As such, we have relatively high concentration among these market-leading customers. We intend to continue our long-term collaboration and mutual technology support with these market-leading customers who are expected to contribute significantly to our revenue base and future growth. As we monitor the market trend closely, we seek to further broaden our customer base by actively developing relationships with other market leaders and new customers, with a view to supporting the sustainable growth of our business.

OUR SUPPLY CHAIN

Raw Materials

Our key raw materials primarily include ABF, CCL (including BT-CCL), gold salt, and solder resist. We primarily source our raw materials from Japan and Chinese Mainland.

We closely monitor market conditions and regularly negotiate pricing and procurement terms with our suppliers to account for the impact of raw material price fluctuations because certain raw materials used in our IC substrates are subject to price volatility. Where appropriate, we seek to reflect material cost movements in our product pricing after negotiating with our customers. For example, in response to fluctuations in gold prices, we have negotiated a price adjustment mechanism with certain customers. Under such mechanism, our product selling price is adjusted by reference to a benchmark gold price agreed with the relevant customers. We also adjust our procurement volume and inventory management strategies based on market trends, aiming to maintain optimal cost efficiency in line with our overall business operations. For key raw materials, we seek to maintain close coordination with major suppliers, conduct advance procurement planning, monitor inventory levels and customer demand forecasts, and diversify our supplier base where commercially practicable.

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During the Track Record Period and up to the Latest Practicable Date, we did not experience any significant shortage of raw material supplies, and the raw materials provided by our suppliers did not have any significant quality issues.

Equipment

Our core production equipment includes laser direct imaging (LDI), laser drilling, high-precision AOI, vertical continuous plating (VCP) and ABF lamination, primarily sourced from specialized suppliers in Japan, Korea, Chinese Taiwan and Chinese Mainland. Below are the details of key high-end SECS qualified equipment:

- Ultra-fine line high-precision stepper exposure machine: This machine is used for image transfer in ultra-fine line fabrication.
- High-precision ball mounting, reballing and reflow integrated machine: This machine is used for fine-pitch ball mounting for advanced semiconductor packaging.
- High-precision 3D micro-bump inspection equipment: This equipment is used for inspection of three-dimensional micro-bump structures.
- High-uniformity ABF lamination machine: This machine is used for ABF lamination with enhanced uniformity.
- High-uniformity vertical continuous electroplating equipment: This equipment is used for electroplating with enhanced uniformity.
- Fully automated color AI intelligent optical inspection equipment: This equipment is used for AI-enabled, fully automated color optical inspection.
- Picosecond laser ultra-micro via processing machine: This machine is used for drilling ultra-micro vias using picosecond laser technology.

We actively manage procurement and maintenance costs through ongoing supplier engagement and align equipment planning with capacity expansion to enhance asset efficiency. We maintain close collaboration with key suppliers and diversify sourcing to mitigate supply risks. During the Track Record Period and up to the Latest Practicable Date, no material supply disruptions occurred, and all equipment operated reliably without material quality or performance issues.

Subcontractors

In the three months ended March 31, 2026, we purchased certain finished products from Retained Zhen Ding Group in the total amount of RMB24,000. See “Connected Transactions — Non-Exempt Continuing Connected Transactions — 6. Framework Purchase Agreement” for more details.

In addition, during the Track Record Period, we have outsourced certain processes with lower technical complexity but higher equipment and labor intensity such as drilling and predelivery inspection to independent third-party contractors specialized in such processes. In 2023, 2024, 2025 and three months ended March 31, 2025 and 2026, our subcontracting fee transaction amount (other than the transaction amount with Retained Zhen Ding Group) was RMB21.4 million, RMB42.5 million, RMB69.5 million, RMB11.3 million and RMB20.5 million, respectively.

We maintain stable cooperation with core independent subcontractors with aligned production plans, delivery requirements and quality standards, and continuously expand our subcontractor base to diversify risk. Our subcontractors are generally required to process products in accordance with our

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specifications, drawings, samples and technical requirements, maintain proper control over materials and products provided by us, and bear responsibility for product defects, rework or losses arising from their failure to comply with agreed standards. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material delivery delays, capacity shortages or quality issues in outsourced processes.

Our subcontracting agreements cover technical specifications, pricing, testing responsibilities, procurement policies, delivery and payment terms, and confidentiality and ESG obligations. The price of subcontracting is determined based on process complexity and required processing time.

Our Suppliers

Supplier Selection and Management

We typically engage reputable suppliers to ensure the quality of our products. We consider a comprehensive set of factors when selecting suppliers, which mainly include product quality, proven track record and reputation. In addition, we also implement measures to continuously monitor the final product quality. See “— Quality Control” for more details.

We generally issue purchase orders with our key suppliers, which set forth the general terms and conditions of purchase. Set forth below are salient terms of our purchase orders:

- ***Term and termination.*** We may terminate a purchase order in whole or in part upon supplier breach, non-performance, incomplete performance or delivery of non-conforming products, and the suppliers’ warranty obligations survive termination.
- ***Pricing and payment.*** We purchase products from suppliers at the prices set out in the purchase orders, which specify the relevant product, currency, unit price and total purchase amount. The unit price is generally based on the latest price agreed between the parties before payment. Payment terms vary by supplier and purchase order. We may suspend payment obligations or set off amounts payable to suppliers if defects are identified before payment.
- ***Purchase amount and forecast.*** Purchase quantities and delivery dates are generally specified in the purchase orders and may be subject to our latest delivery notices or other delivery requests. Any forecast issued by us is for planning purposes and does not constitute our purchase obligation.
- ***Delivery.*** Suppliers are required to deliver products to our designated locations in accordance with the delivery terms, delivery dates and other requirements under the purchase orders and our latest delivery notices or requests. Suppliers may be liable for delay penalties and related losses for delayed delivery.
- ***Product warranty and return arrangements.*** Suppliers generally warrant that products conform to our specifications and requirements and are free from defects, liens and third-party intellectual property infringement claims for a five-year warranty period, unless otherwise stipulated or a longer period applies. For non-conforming products, we may return, reject, require repair or replacement, deduct payment, procure substitute products at the supplier’s cost, terminate the purchase order and claim related losses.

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Our Major Suppliers

During the Track Record Period, purchases from our five largest suppliers were RMB299.1 million, RMB408.2 million, RMB712.0 million and RMB275.3 million, representing 35.0%, 34.9%, 41.7% and 46.6% of our total purchases in 2023, 2024, 2025 and three months ended March 31, 2026, respectively. In addition, purchases from our largest supplier accounted for 11.5%, 10.4%, 16.6% and 20.6% of our total purchases in the same periods, respectively. All of our five largest suppliers were Independent Third Parties during the Track Record Period. None of our Directors and their respective associates or our Shareholders who hold more than 5% of our total issued Shares had any interest in our five largest suppliers during the Track Record Period. Additionally, we did not experience any material disputes with our suppliers during the Track Record Period.

The following table sets forth the details of our five largest suppliers in each period during the Track Record Period:

<u>Rank</u>	<u>Supplier</u>	<u>Purchase Amount</u>	<u>% of total purchase</u>	<u>Type of product/services provided</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship⁽⁶⁾</u>
<i>(RMB'000)</i>						
<i>For the year ended December 31, 2023</i>						
1	Supplier A ⁽¹⁾ . . .	98,021	11.5	Gold salt	Payable on invoice	2016
2	Supplier B ⁽²⁾ . . .	61,598	7.2	Ink	90 days	2018
3	Supplier C ⁽³⁾ . . .	56,855	6.7	CCL, Prepreg	45 days	2019
4	Supplier D ⁽⁴⁾ . . .	42,930	5.0	CCL, Prepreg	60 days	2019
5	Supplier E ⁽⁵⁾ . . .	39,713	4.6	Processing chemicals	90 days	2018

Notes:

- (1) Supplier A is a private company incorporated in Chinese Mainland, which principally engages in the development, production and sales of precious-metal chemical materials and related electronic materials.
- (2) Supplier B is incorporated in Japan and listed on the Tokyo Stock Exchange. It primarily operates through its subsidiaries, engaging in the manufacture and sale of chemical products for the electronics industry, including solder resist and related materials.
- (3) Supplier C is a private company incorporated in Japan, which principally engages in the domestic and international trading, sales, import/export and logistic services of plastic materials and related products.
- (4) Supplier D is a company incorporated in the South Korea and listed on the Korea Exchange, which principally engages in the manufacture and sale of electronic materials, including CCL and other materials for electronics applications.
- (5) Supplier E is a subsidiary of a Nasdaq-listed company, which principally provides specialty chemicals, equipment, software and services for electroplating, printed circuit board manufacturing and surface-finishing applications.
- (6) Representing the commencement of the business relationship with the Group after 2019 or with Retained Zhen Ding Group before the establishment of the Company.

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<u>Rank</u>	<u>Supplier</u>	<u>Purchase Amount</u> (RMB'000)	<u>% of total purchase</u>	<u>Type of product/services provided</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship</u>
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For the year ended December 31, 2024

1	Supplier A . . .	121,625	10.4	Gold salt	Payable on invoice	2016
2	Supplier F ⁽¹⁾ . .	83,064	7.1	ABF	30 days	2022
3	Supplier B . . .	79,743	6.8	Ink	90 days	2018
4	Supplier C . . .	74,019	6.3	CCL, Prepreg	45 days	2019
5	Supplier E. . . .	49,766	4.2	Processing chemicals	90 days	2018

Note:

- (1) Supplier F is a private company incorporated in Japan, which principally engages in the manufacture and sale of electronic materials, functional chemicals and activated carbon products.

<u>Rank</u>	<u>Supplier</u>	<u>Purchase Amount</u> (RMB'000)	<u>% of total purchase</u>	<u>Type of product/services provided</u>	<u>Credit terms</u>	<u>Year of commencement of business relationship</u>
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For the year ended December 31, 2025

1	Supplier A . . .	282,878	16.6	Gold salt	Payable on invoice	2016
2	Supplier C . . .	124,578	7.3	CCL, Prepreg	45 days	2019
3	Supplier F. . . .	108,664	6.4	ABF	30 days	2022
4	Supplier G ⁽¹⁾ . .	102,784	6.0	CCL, Prepreg	60 days	2022
5	Supplier B . . .	93,101	5.4	Ink	90 days	2018

Note:

- (1) Supplier G is a company incorporated in Japan and listed on the Tokyo Stock Exchange. It primarily operates through its subsidiaries and principally engages in chemical businesses, including semiconductor and electronic materials.

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Rank	Supplier	Purchase Amount (RMB'000)	% of total purchase	Type of product/services provided	Credit terms	Year of commencement of business relationship
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For the three months ended March 31, 2026

1	Supplier A . . .	121,414	20.6	Gold salt	Payable on invoice	2016
2	Supplier G . . .	54,306	9.2	CCL, Prepreg	60 days	2022
3	Supplier C . . .	43,559	7.4	CCL, Prepreg	45 days	2019
4	Supplier F. . . .	33,933	5.7	ABF	30 days	2022
5	Supplier B . . .	22,082	3.7	Ink	90 days	2018

OVERLAPPING OF CUSTOMERS AND SUPPLIERS

Retained Zhen Ding Group is our customer and also our supplier. In particular, in 2023 and first quarter of 2026, Retained Zhen Ding Group was one of our top five customers. However, sales to and purchase from Retained Zhen Ding Group are of different nature. In 2023, we sold certain products to Retained Zhen Ding Group for onward sale to our end customers, solely because we, as a business unit of Zhen Ding Group at the time, had not yet completed the relevant customer validation process. This arrangement ended later in 2023 after we completed such customer validation. In addition, certain members of Zhen Ding Group possess the relevant licenses and necessary expertise in waste treatment, and we sell waste materials to these entities. See “Connected Transactions — Non-Exempt Continuing Connected Transactions — 7. Scrap and Waste Materials Sales Framework Agreement” for detailed reasons for the transaction. On the other hand, we purchase waste treatment and sewage treatment services from certain members of the Retained Zhen Ding Group that have the relevant licenses and operate in or in close proximity to our manufacturing facilities in Shenzhen and Qinghuangdao. See “Connected Transactions — Fully-Exempt Continuing Connected Transactions — 2. Waste Treatment Services Framework Agreement” and “Connected Transactions — Partially-Exempt Continuing Connected Transactions — Sewage Treatment Services Framework Agreement” for detailed reasons for these transactions. Such intra-group arrangements are not uncommon where one subsidiary within a corporate group provides goods or services to another subsidiary within the same group. In addition to Retained Zhen Ding Group, we maintain similar arrangements with certain third-party waste treatment companies which have overlapping customer and supplier relationship with us, under which we generate revenue from them for scrap material sales and pay them service fees for waste treatment services.

Our Directors confirmed that all of our sales to and purchases from the overlapping customers and suppliers were conducted in the ordinary course of business under normal commercial terms and on an arm’s-length basis. The revenue from Retained Zhen Ding Group in 2023, 2024, 2025, and three months ended March 31, 2025 and 2026 was RMB279.3 million, RMB1.5 million, RMB69.0 million, RMB0.3 million, and RMB46.8 million, respectively, accounting for 23.6%, 0.1%, 2.4%, 0.1% and 5.1% of our total revenue, respectively, for the same periods. The purchase amount attributable to Retained Zhen Ding Group in 2023, 2024, 2025 and three months ended March 31, 2025 and 2026 was RMB96.8 million, RMB94.6 million, RMB97.4 million, RMB23.3 million, and RMB25.6 million, respectively, accounting for 3.4%, 5.0%, 4.1%, 5.4% and 3.3% of our total purchase amount, respectively, for the same periods.

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RECENT REGULATION IN RELATION TO TARIFFS

In April 2025, the United States announced broad tariffs on imports from all countries, comprising a 10% so-called “baseline” tariff on all countries, varying so-called “reciprocal” tariffs on certain trade partners, and a so-called “fentanyl-related” tariff of 20% on goods from Chinese Mainland, Hong Kong and Macau Special Administrative Region. As of early April 2025, the U.S. had imposed tariffs of 145% on most imports from Chinese Mainland, Hong Kong and Macau Special Administrative Region, and Chinese government responded with tariffs of 125% on most goods from the United States. On May 12, 2025, following bilateral negotiations, China and the United States announced a 90-day suspension for most of these higher tariffs levied on each other’s goods, during which the U.S. will continue a 30% tariff on Chinese imports and China will keep a 10% tariff on U.S. goods. This suspension was further extended by the two countries for an additional 90 days until November 10, 2025. Following the two countries’ trade negotiations on October 30, 2025, the U.S. agreed to suspend for one year a 24% reciprocal tariff on Chinese products and reduce the fentanyl-related tariff on Chinese products by 10%. In addition, China agreed to adjust its counter measures related to the above U.S. tariffs, and the two countries agreed to continue extending certain tariff exemptions. On February 20, 2026, the U.S. Supreme Court held that the International Emergency Economic Power Act does not authorize the President to impose tariffs, including the reciprocal and fentanyl-related tariffs. Effective from February 24, 2026, the U.S. customs authority ceased to collect these tariffs. Meanwhile, President Trump issued a proclamation to impose a temporary import surcharge of 10% on all imports to the U.S. effective from February 24, 2026 for a period of 150 days.

During the Track Record Period, revenue attributable to exports to the United States accounted for less than 1% of our total revenue. Accordingly, changes in U.S. tariff regimes did not cause any direct material adverse impact on our business operations, financial condition or results of operations. However, there can be no assurance that our business will not be adversely affected by future changes in U.S. tariff policies or other geopolitical developments, including potential indirect impacts on our supply chain, customers, or broader market conditions.

BUSINESS ACTIVITIES IN RELATION TO COUNTRIES/REGIONS SUBJECT TO INTERNATIONAL SANCTIONS

Procurement Activities in relation to Procured Items subject to U.S. Export Controls

During the Track Record Period, we procured items subject to the EAR and classified as Export Control Classification Number (ECCN) 3A999.F, 4A994.L, 5D992.C, 6A003, and EAR99 (Procured Components). Provision of EAR-controlled items to sanctioned entities, especially Specially Designated Nationals designated by the Office of Foreign Assets Control (“SDNs”) or entities listed on the Entity List by the Bureau of Industry and Security, are prohibited.

Procured Components classified as 3A999.F are controlled for anti-terrorism reasons, and regional stability reasons that triggers license requirement if the items are exported, reexported or transferred (in-country) in Iraq and Pakistan (which we are not located in). Procured Components classified as 4A994.L and 5D992.C are controlled for anti-terrorism reasons only. Items controlled for anti-terrorism are subject to license requirement for exports, reexports or transfers (in-country) involving (i) entities designated on the Entity List, Denied Persons List, or Unverified List; and/or (ii) entities headquartered in, ordinarily resident in, or owned or controlled by governments of any Countries/Regions subject to Comprehensive Trade Embargo, as well as Russia and Belarus (collectively, “**AT Sanctioned Countries**”; these entities under (i) and (ii) are collectively referred as “**AT Restrictions Sanctioned Targets**”). Procured Components classified as 6A003 are subject to license requirements for exports,

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and our suppliers have obtained the requisite licenses for the sales to us. Procured Components classified as EAR99 are generally low-technology consumer goods that do not require a license in most situations (including our procurement).

As advised by our International Sanctions Legal Advisor, our procurement of these Procured Items during the Track Record Period did not represent a violation of the applicable U.S. export controls, given that (i) we are not AT Restrictions Sanctioned Targets, we do not require a license to procure these Procured Items subject to anti-terrorism restrictions; (ii) none of these Procured Items were supplied to any of the AT Sanctioned Countries, AT Restrictions Sanctioned Targets, Iraq and Pakistan; and (iii) the Procured Item classified as 6A003 has been retained strictly for internal use within our existing facilities and has not been exported, reexported, or transferred (in-country) to any third parties, and our suppliers have obtained the requisite licenses for the sales to us.

Sales Activities in relation to Entities subject to International Sanctions

During the Track Record Period, we have not transacted with any counterparties located in Comprehensively Sanctioned Countries. We have transacted with several customers designated on the Entity List (EL Customers) maintained by the Bureau of Industry and Security. Provision of items subject to the EAR to entities designated on the Entity List is prohibited. As advised by our International Sanctions Legal Advisor, since our transactions with the EL Customers did not involve transfer of any items, technologies or materials that are subject to the EAR, our transactions did not represent a violation of sanction regulations.

INFORMATION SECURITY AND DATA PRIVACY

We recognize that the confidentiality, integrity and availability of our data are essential to our operations. We strictly adhere to evolving data security and privacy laws and regulations, ensuring that our business and transaction data is managed with the highest standards, including Cybersecurity Law of the People’s Republic of China (《中華人民共和國網絡安全法》), the Personal Information Protection Law of the People’s Republic of China (《中華人民共和國個人信息保護法》) and the Data Security Law of the People’s Republic of China (《中華人民共和國數據安全法》).

Data Collection. We primarily collect, process, and store data related to production, manufacturing, and inventory management during our ordinary course of business operations.

Data Transmission. We do not engage in cross-border transmission of users’ data. All data from our production bases in the Chinese Mainland is stored domestically in the Chinese Mainland. We do not share or transfer data collected by it to any third party without prior explicit consent. Without explicit consent, we prohibit disclosing collected data to any third party unless mandated by a court or administrative order.

Data Protection

To ensure the protection of our data and maintain the confidentiality of sensitive information, we have implemented security measures designed to prevent unauthorized access and mitigate potential risks: (i) data encryption. We employ advanced encryption technologies to secure sensitive business data both at rest and during transmission, preventing unauthorized access and reducing the risk of data breaches; (ii) access control. Access to our data is strictly regulated, with permissions granted only to authorized employees based on their roles and responsibilities. Sensitive information is accessible only to those with the appropriate clearance, ensuring secure data handling; (iii) physical access control. Entry to our facilities and networks is limited to authorized personnel. Visitors must sign in upon

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arrival, and access to secure areas is tightly controlled, requiring prior approval; and (iv) employee training. We provide ongoing data privacy and security training to all employees, ensuring compliance with data protection policies and enhancing awareness of how to securely handle sensitive information.

Information Security Framework

We established internal policies and a series of procedures for effective information and cybersecurity management. Key of these internal policies and procedures include (i) network security, in which we employ firewalls, antivirus software and intrusion detection systems to protect our network infrastructure from external threats, (ii) data protection and privacy, in which we maintain a set of protocols for data handling and storage, including encryption, access controls and regular data backups, (iii) security audits and testing, in which we perform routine vulnerability assessment to evaluate the robustness of our system, (iv) employee training, in which we provide regular training programs to enhance overall security awareness, and (v) disaster recovery plan, in which we develop a disaster plan to ensure recovery of critical IT systems and data. During the Track Record Period, we did not experience any breach of confidential information of customers or any other customer information related incidents which could cause a material adverse effect on our business, financial condition or results of operations. As advised by our PRC Legal Advisor, we complied with the applicable laws and regulations in the PRC in relation to data privacy, cybersecurity and personal data protection during the Track Record Period and up to the Latest Practicable Date.

COMPETITION

We operate in a competitive and technology-intensive industry, where customers demand more advanced and higher-reliability IC substrates. According to Frost & Sullivan, the IC substrate market in Chinese Mainland is relatively concentrated and competitive, with the top three manufacturers accounting for 37.9% of the market in 2025. FCBGA substrates exhibit a higher level of industry concentration, with the top three FCBGA substrate manufacturers in Chinese Mainland collectively accounting for 58.7% of the market share. The global IC substrate market is also relatively concentrated and competitive, with the top three manufacturers accounting for 37.4% of the market in 2025.

We compete with other Chinese Mainland IC substrate manufacturers mainly on technology and process requirements and technical experiences. We compete in the international market mainly based on our scale-up capability, technology and process requirements, customer qualification and relationships, supply chain management, experienced technical and management teams and intelligent manufacturing capabilities. See “Industry Overview” for more details.

BUSINESS SUSTAINABILITY AND PROFITABILITY

We operate in a rapidly growing AI market where the production capacity often limits the growth potential of a company in the supply chain. Against this backdrop, we strategically anticipated the future needs for capacity, and incorporated substantial capacity expansion headroom in our initial plant design, coupled with a phased equipment installation approach to quickly ramp-up our capacity when our actual orders grow. Due to this strategy, we incurred substantial upfront capital expenditure and thus depreciation expenses while our revenue was still relatively small. This resulted in a gross loss of RMB504.5 million in 2023, and RMB105.5 million in 2024, and net losses of RMB753.1 million, RMB405.1 million and RMB328.7 million in 2023, 2024 and 2025, respectively.

This strategy contributed to our success in grasping the opportunity of AI market growth during the Track Record Period. Our total revenue increased rapidly from RMB1,182.9 million in 2023 to RMB2,055.5 million in 2024 and RMB2,828.6 million in 2025, representing a CAGR of 54.6%. Our revenue increased to RMB923.9 million in the three months ended March 31, 2026, representing a

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70.9% growth from the same period in 2025. Revenue from products for AI and HPC applications surged from RMB26.9 million in 2023 to RMB716.2 million in 2025, representing a CAGR of 416.1%. Given the substantial lead time for constructing new production plants, this upfront investment strategy gave us substantial competitive advantage against our major competitors. According to Frost & Sullivan, measured by 2025 revenue, we ranked third among IC substrate manufacturers located in Chinese Mainland, up from sixth in 2023. Among the top 20 global IC substrate suppliers by IC substrate revenue in 2025, we ranked first in terms of revenue CAGR from 2023 to 2025.

As our capacity utilization improved over time, we achieved a clear inflection point, turning to gross profit of RMB100.1 million in 2025, and we had net profit of RMB50.1 million for the three months ended March 31, 2026. We expect to continue to benefit from our substantial upfront capital expenditures to achieve sustainable growth with positive gross margin.

Investing for AI Opportunities

To implement our expansion strategy, we made significant upfront investments and continuous investment in production plants construction, production equipment as well as intelligent manufacturing systems, which have laid a solid foundation for improving product quality and enabled us to accumulate extensive experience in scaling up capacity. As such, we incurred substantial capital expenditures upfront and thus depreciation before the Track Record Period. As of January 1, 2023, the cost of our property, plant and equipment, right-of-use assets and intangible assets was RMB5,466.1 million. As of December 31, 2023, 2024, 2025 and March 31, 2026, such figure further increased to RMB7,463.3 million, RMB8,421.5 million, RMB8,696.2 million, RMB8,775.1 million, respectively. Our depreciation and amortization included in cost of sales was RMB422.5 million, RMB591.4 million, RMB651.3 million, RMB155.5 million and RMB183.5 million in 2023, 2024, 2025 and three months ended March 31, 2025 and 2026, respectively. We expect to continue making substantial investments in capital expenditures to capture future growth of the AI market.

Driving Revenue Growth with Positive Gross Margin

Our revenue grew rapidly from RMB1,182.9 million in 2023 to RMB2,055.5 million in 2024 and RMB2,828.6 million in 2025. Our revenue also increased to RMB923.9 million in the three months ended March 31, 2026, representing a 70.9% growth from the same period in 2025. Alongside this growth, we achieved economy of scale as our revenue grew rapidly from 2023 to 2025. Our cost of sales as a percentage of revenue declined significantly from 142.7% in 2023 to 105.1% in 2024 and further to 96.5% in 2025. In particular, depreciation and amortization under cost of sales as a percentage of revenue declined significantly from 35.7% in 2023 to 28.8% in 2024 and further to 23.0% in 2025. These changes drove our gross margin improvement from -42.7% in 2023 to -5.1% in 2024 and turned positive at 3.5% in 2025. This improvement further accelerated in 2026, with gross profit reaching RMB146.6 million and gross margin improving to 15.9% for the three months ended March 31, 2026.

Enhancing Operational Efficiency and Leveraging Economies of Scale

Our growth of revenue also enhanced our operating efficiency. As a percentage of revenue, our selling and marketing expenses decreased from 1.8% in 2023 to 1.5% in 2024, 1.0% in 2025 and 0.7% in the three months ended March 31, 2026; our general and administrative expenses decreased from 8.0% in 2023 to 4.8% in 2024, 3.7% in 2025 and further to 2.6% in the three months ended March 31, 2026; and our research and development expenses decreased from 10.4% in 2023 to 7.5% in 2024, 5.5% in 2025 and 4.2% in the three months ended March 31, 2026. This, together with improved gross margin, drove a substantial narrowing of net loss margin from 63.7% in 2023 to 11.6% in 2025. This improving trend culminated in a turnaround to net profitability in the three months ended March 31, 2026, marking a key inflection point in our path to profitability.

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Based on the foregoing, our Directors are of the view that, notwithstanding our historical losses during the Track Record Period, our Group has a sustainable business growth and we are able to operate at profit. The foregoing forward-looking statements are based on assumptions regarding our present and future business strategies and the market environment in which we operate. These forward-looking statements are subject to risks, uncertainties and other factors, some of which are beyond our control, which may cause the actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. See “Forward-looking Statements” for more details on related risks.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

We believe that environmental, social and governance (ESG) considerations are essential to our long-term sustainable development. We are committed to fostering sustainable practices, promoting social responsibility and maintaining sound governance standards. We continuously strive to strengthen our ESG governance framework, enhance our ESG practices and performance and contribute positively to community and societal well-being through various ESG initiatives.

To align with the goal of carbon neutrality by 2050 and the global emphasis on green, low-carbon and sustainable development, we aim to embed the principles of green manufacturing across the lifecycle of our operations, from research and development, production and manufacturing to daily management. Guided by our corporate mission “develop technologies for the betterment of Human beings; protect the environment for a greener earth.” we intend to make continuous investments in environmental management, energy and low-carbon management and energy conservation and carbon reduction initiatives.

ESG Governance Structure

We have integrated ESG considerations into our overall strategy, long-term planning, key decision-making processes and daily operations. Our ESG governance framework comprises the Board, the Audit Committee and the sustainability working group. The Board holds ultimate responsibility, oversees the framework, reviews sustainability reports, and sets, approves, and reviews our ESG vision, policies, and goals.

When determining key ESG matters, our Board considers applicable laws, regulations and internationally recognized standards, including the ESG Reporting Code under the Listing Rules, the United Nations Sustainable Development Goals, guidelines from the Global Reporting Initiative and standards established by the Sustainability Accounting Standards Board. The Board oversees material topics including resource use, pollution control, and supply chain due diligence, integrating them into our strategy and operational management. Under the supervision of the Board, the sustainability working group formulates and promotes sustainable development policies, monitors ESG performance, supervises ESG disclosures and promotes adherence to best practices.

ESG Risk Management

We recognize the significance of ESG matters to our business strategy, financial performance and operations. We have established an ESG risk management framework to systematically identify, assess and mitigate ESG-related risks and opportunities arising from evolving social trends, regulatory changes and market dynamics. Key ESG-related risks include increasingly stringent environmental and hazardous substance regulations, such as RoHS 2.0, REACH and California Proposition 65, which may increase compliance costs and drive innovation.

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To mitigate these risks, we systematically monitor relevant international and local regulations, as well as customer environmental protection requirements, and incorporate them into our external document management system for comprehensive evaluation and integration. This enables prompt responses, strengthens compliance, and reduces non-compliance risks.

We have established clear and effective communication channels to engage stakeholders, including employees, customers, suppliers, regulatory authorities and society, through both digital and traditional methods. Based on our business context and stakeholder concerns, we have identified and addressed material ESG topics, including climate change mitigation, water reduction, waste reduction, workforce well-being, supply chain sustainability and community engagement. During the Track Record Period, we were not aware of any material ESG-related non-compliance cases.

Climate-related Risks and Transition Plan Management

We have identified and assessed various climate-related risks that may affect our business operations, including extreme heat, drought, heavy rainfall and flooding. We actively monitor meteorological alerts and implement targeted emergency actions based on alert levels to safeguard personnel and maintain business continuity. In assessing climate-related risks, we consider existing and emerging regulations, technological developments, market conditions, compliance requirements, reputational matters and immediate and long-term physical risks.

Extreme heat and drought may increase operating costs and potentially result in suspension of operations. Upon receiving weather alerts, we promptly notify relevant departments to prepare for potential heat-related emergencies, and increase equipment inspections to ensure safe operation.

With regard to climate-related transition risks, we plan to conduct a focused scenario analysis on the financial implications of carbon pricing. This assessment is critical for integrating climate considerations into our long-term strategic decision-making. Leveraging scenarios from the Network for Greening the Financial System, specifically the “Nationally Determined Contributions” and “Net Zero 2050” pathways, we modeled the potential financial impacts on our operations.

Our climate transition plan is designed to decarbonize our operations, enhance climate resilience and drive long-term sustainable growth. We have implemented an internal carbon pricing mechanism as part of our investment appraisal process. Our key transition initiatives include promoting energy-saving technologies, expanding our renewable energy portfolio, developing advanced waste reduction technologies with a target of achieving 100% recycling of valuable metals, having achieved a wastewater recycling rate of over 50% in 2025, enhancing climate resilience measures and collaborating with suppliers on environmental protection projects.

Environmental Indicators and Management

We integrate environmental management across our corporate strategy, operations, and governance. We have not been subject to any material penalties for environmental violations during the Track Record Period.

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Emissions

We effectively manage exhaust gases, wastewater, and solid waste by investing in pollution prevention and focusing on source control. For air quality, we use non-ozone-depleting refrigerants. We reduce wastewater through multi-stage rinsing and pre-treated on-site prior to discharge. All solid waste is carefully classified and stored in secure, compliant facilities to prevent contamination and ensure safe handling. The following table sets forth a breakdown of our exhaust gas emissions during the Track Record Period¹:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Nitrogen oxides (NOx) emissions (kg) . .	1.53	1.15	1.05	0.32
Sulfur oxides (SOx) emissions (kg) . . .	0.14	0.20	0.17	0.04
PM ⁽¹⁾ emissions (kg)	0.13	0.09	0.08	0.03

Note:

- (1) PM means particulate matter, which refers to tiny solid or liquid particles suspended in air.

As part of our commitment to reduce environmental impact, our greenhouse gas (GHG) management policies are aligned with our business operations and all relevant laws and regulations. The following table sets forth a breakdown of our Scope 1 and Scope 2 emissions during the Track Record Period:

	Year ended December 31,			Three months ended March 31
	2023	2024	2025	2026
Scope 1 GHG Emissions (tCO ₂ e) ⁽¹⁾	10,521.99	12,160.95	13,360.90	5,095.51
Scope 2 GHG Emissions (tCO ₂ e) ⁽²⁾	123,510.38	107,961.27	117,200.69	32,151.53
Scope 1+2 Total GHG Emissions (tCO ₂ e)	134,032.37	120,122.21	130,561.59	37,247.03
Scope 1+2 Total GHG Emission Intensity (tCO ₂ e/RMB million revenue)	113.31	58.44	46.15	40.40

Notes:

- (1) tCO₂e refers to tonnes of carbon dioxide equivalent and is the standard unit for measuring carbon footprint.
- (1) Scope 1 GHG Emissions are calculated based on the emission factors in the “Appendix 2: Reporting Guidance on Environmental KPIs” published by the HKEx and the “Environmental Reporting Guidelines: Including mandatory greenhouse gas emissions reporting guidance” issued by DEFRA in the UK. The global warming potential is referred to in the Sixth Assessment Report of the Intergovernmental Panel on Climate Change.
- (2) Scope 2 GHG Emissions are indirect GHG emissions from the consumption of purchased electricity by the Company. The emission factors for the Chinese Mainland-based operations referenced from the Ministry of Ecology and Environment of the People’s Republic of China and the International Energy Agency for locations outside Hong Kong and Chinese Mainland.

¹ Exhaust gas emissions are generated from the consumption of liquefied petroleum gas and diesel fuel. The emission factors adopted are based on “Appendix 2: Reporting Guidance on Environmental KPIs” published by the HKEx.

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Based on our assessment of our growth stage and surrounding environmental conditions, we have adopted greenhouse gas reduction strategies focused on reducing greenhouse gas emissions and lowering energy usage, with goals to be met by 2050. Our strategies include implementing technologies such as total heat recovery chillers, magnetic levitation blowers, permanent magnet motors, compressed air heat recovery, efficient wire cutting machines, chemical reuse, and harmonic motor testing.

For Scope 3 emissions, we are in the process of further studying and performing comprehensive calculations to provide more accurate and meaningful data in the future.

Resource Consumption

Our primary operational resources include energy, water and packaging materials. We actively work to conserve energy and reduce resource consumption. The following table sets forth a breakdown of our energy consumption during the Track Record Period:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Electricity Consumption (<i>gigajoule</i>) . . .	576,010.66	662,798.47	752,909.01	194,673.07
Heating Consumption (<i>gigajoule</i>)	42,290.11	48,051.86	49,096.51	32,023.57
Petrol Consumption (<i>gigajoule</i>)	256.82	410.17	345.63	80.75
Diesel Consumption (<i>gigajoule</i>)	37.23	35.87	6.95	3.98
Natural Gas Consumption (<i>gigajoule</i>) . .	172,144.33	177,400.88	199,190.05	55,987.21
Total Energy Consumption ⁽¹⁾ (<i>gigajoule/</i> <i>RMB million revenue</i>)	790,739.16	888,697.25	1,001,548.15	282,768.57
Total Energy Consumption Intensity . . .	668.50	432.35	345.63	306.70

Note:

- (1) Energy consumption from fossil fuels in the use of stationary combustion sources and vehicles is calculated with reference to “Appendix C2: Environmental, Social and Governance Reporting Code” published by the HKEx.

Our Shenzhen and Qinhuangdao production bases have implemented and obtained ISO 14001 Environmental Management System certification. We have installed magnetic bearing chillers and air return systems for fan filter units, and we capture and reuse heat from industrial air compressors and boiler exhaust gas. We have also implemented an intelligent technology system for dynamic energy consumption data collection and real-time monitoring, which is integrated with our Energy Management Platform to continuously track electricity usage of high-energy-consuming equipment.

Water Resource Management

We prioritize practical water resource management in our daily operations. We focus on reducing water consumption through targeted improvements in production processes, including optimizing equipment, refining cleaning procedures and harvesting rainwater to minimize water use. Our wastewater treatment systems in Shenzhen production plant have been enhanced to aim at 50% wastewater reuse rates.

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To monitor wastewater, we employ an online monitoring system and upload real-time data to the National Emission Platform for traceability. We also conduct weekly analyses to identify anomalies and monitor trend fluctuations. We have deployed six wastewater treatment units and achieved a 100% compliance rate for pollutant concentration levels. The following table sets forth our water resource usage performance during the Track Record Period:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Water Consumption (m^3)	1,782,248.39	2,297,207.83	2,568,071.53	664,958.94
Water Intensity (m^3 /RMB million revenue)	1,506.73	1,117.58	907.84	721.24

Waste Management

We prioritize waste minimization, resource recovery and safe disposal by integrating sustainable principles into our design, procurement and production practices to reduce raw material use and prevent waste generation. Our solid waste system manages recyclable and non-recyclable industrial waste, hazardous waste and household waste.

We have policies for abnormal situations and refer to the “Procedure for Corrective and Preventive Action Management” and related regulations in handling emergencies such as leakage of hazardous chemical waste. Our tiered recycling approach emphasizes on-site material reuse, internal recycling, and collaboration with suppliers and partners to maximize recovery. Non-recyclable waste is handled by qualified providers for safe disposal, including energy recovery when appropriate. Annual training, real-time tracking and regular audits ensure effective waste management oversight.

The following table sets forth our waste management performance during the Track Record Period:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
Hazardous Waste (tonnes)	22,401.23	48,215.84	55,454.10	17,318.09
Hazardous Waste Intensity (tonnes/RMB million revenue)	18.94	23.46	19.60	18.78
Non-Hazardous Waste (tonnes)	782.44	1,054.44	1,366.88	464.66
Non-Hazardous Waste Intensity (tonnes/RMB million revenue)	0.66	0.51	0.48	0.50
Packaging Materials (tonnes)	206.13	383.97	469.55	192.51

Social Responsibility

Employment, Training and Employee Welfare

We comply with applicable employment laws and regulations in the jurisdictions where we operate, including the Labor Law of the PRC, the Employment Contract Law of the PRC, the Social Insurance Law of the PRC and the Provisions on the Prohibition of Using Child Labor. We have established internal management systems to protect employees’ lawful rights and maintain a zero-tolerance policy toward child labor, discrimination, harassment and forced labor across our operations.

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We implement a merit-based and inclusive hiring process to ensure equal employment opportunities and support employees in pursuing careers suited to their skills and aspirations. During the Track Record Period, we were not aware of any material non-compliance with laws and regulations relating to child or forced labor.

The following table sets forth selected employee data during the Track Record Period:

	Year ended December 31,			Three months ended March 31,
	2023	2024	2025	2026
By Gender:				
Male	2,244	2,452	2,585	2,892
Female	1,125	1,209	1,356	1,429
By Region:				
Chinese Mainland	3,315	3,610	3,891	4,270
Offshore	54	51	50	51

We are committed to the professional development of our employees and to equipping them with the skills and knowledge necessary to perform their roles and adapt to a changing technological landscape. During the Track Record Period, we offered professional development courses in collaboration with internal experts and external specialists on topics including industry analysis, human rights protection, leadership programs for mid-to-senior management, AI course series, high-level planning for digital transformation and performance management. We also delivered in-person training courses and offered online courses, through which employees were encouraged to engage in voluntary self-paced learning.

We believe a supportive, inclusive workplace boosts productivity and employee development. We have established employee cafeterias, recreational facilities, etc. We also have a multi-faceted communication platform, which comprises employee service mailboxes, suggestion boxes, and a rights protection hotline, allowing employees to express their needs and concerns freely, thereby enabling us to better address them.

Occupational Health and Safety

We are committed to maintaining a safe and healthy working environment for our employees and contractors, complying with relevant laws and regulations, including the Law of the PRC on the Prevention and Control of Occupational Diseases, the Provisions on the Administration of Occupational Health at Workplaces and other relevant workplace health and safety requirements. We have implemented the ISO 45001:2018 Occupational Health and Safety Management System across our campuses, which provides a framework for continuous improvement in safety performance and regulatory compliance.

To reduce occupational health and safety risks in our operations, we have upgraded factories with robotics and automation, such as automated guided vehicles and robotic arms in high-risk processes, and established specialized safety teams at each manufacturing campus overseen by administrators. During the Track Record Period, we were not aware of any material accidents relating to our operations.

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Supply Chain Management

Our supply chain is important for efficient operations and product quality that meet our standards. We have established a comprehensive supply chain management system overseen by a dedicated supplier management department under Board supervision. We monitor supplier integrity, quality, delivery, technical support and pricing by implementing our sunshine policy and other internal frameworks, including Supplier Social Responsibility Management Regulations and Supplier Conflict Minerals Management Regulations. Suppliers are also required to comply with international standards such as the OECD Guidelines for Multinational Enterprises, the United Nations Global Compact and the Universal Declaration of Human Rights.

Anti-bribery and Anti-Corruption

We maintain a zero-tolerance policy toward all forms of corruption and strictly comply with applicable anti-corruption laws and regulations. All employees are expected to acknowledge and commit to the Integrity and Honesty Clause upon joining our Group, and any breach will be handled in accordance with applicable laws and regulations. We also maintain codes of conduct and anti-corruption policies for employees and business partners, which strictly prohibit bribery, kickbacks, excessive gifts or hospitality and other improper payments made or offered to secure an improper business advantage.

We provide onboarding and ongoing anti-corruption training to enhance employees’ legal awareness and ethical standards. In 2025, all employees received anti-corruption training, accumulating a total of 1,561 training hours. We also enforce internal controls for integrity and transparency, including conflict of interest declarations managed by the human resources department, supplier vetting by the purchasing department and verification of reported cases and material requisitions by the economic management unit. We require accurate books and records and strictly prohibit false invoices, unusual or insufficiently explained payments, and misleading, incomplete or false entries.

We have established a confidential whistleblowing system for reporting corruption-related incidents. Employees may submit reports through a dedicated hotline or the President’s mailbox. The audit department is responsible for the initial assessment of reports, and where a formal investigation is warranted, a multidisciplinary investigation team comprising members from Legal, Human Resources, Audit and other relevant departments will conduct the investigation and determine the necessary actions.

EMPLOYEE

As of the Latest Practicable Date, we had a total of 4,568 full-time employees. Most of our employees are based in the Chinese Mainland during the Track Record Period and up to the Latest Practicable Date. The table sets forth a breakdown of our employees by function as of the Latest Practicable Date.

Function	Number	Percentage of Total Number
R&D	626	13.7%
Sales and marketing	74	1.6%
Production	3,664	80.2%
Administrative	204	4.5%
Total	4,568	100.0%

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We enter into standard employment agreements with our employees to cover matters regarding confidentiality, intellectual property, employment, commercial ethics and noncompetition, in particular, the noncompetition provision effective during and after their employment with us.

We highly value the potential of our employees and have invested substantial efforts and resources in recruiting and training our employees. In addition to regular recruitment program through specialized recruiting firms and other third-parties, we have also implemented internal referrals policy to attract potential talents to join us. In light of the long-term benefits of talent cultivation, we provide internal training programs to our employees periodically to enhance their technical know-how and solidify their knowledge and expertise for the industry.

During the Track Record Period, we engaged certain dispatched workers for temporary, ancillary or substitute positions. As of the Latest Practicable Date, we hired 16 dispatched contract workers. Pursuant to the Labor Contract Law and its amendments, dispatched workers may only be engaged for temporary, ancillary or substitute positions. The Interim Provisions on Labor Dispatch, which became effective on March 1, 2014, further provides that the number of dispatched workers an employer may use must not exceed 10% of its total labor force. During the Track Record Period, the number of dispatched workers we engaged did not exceed 10% of our total labor force.

As required by laws and regulations in China, we participate in various government statutory employee benefit plans, including social insurance plans, namely pension, medical, unemployment, work-related injury and maternity insurance plans, and housing provident funds. As of the Latest Practicable Date, we did not make adequate contribution to social insurance and housing provident fund for certain employees as required by relevant PRC laws and regulations. The shortfall of social insurance contributions amounted to RMB7.3 million, RMB8.9 million, RMB10.5 million and RMB1.9 million in 2023, 2024 and 2025, and the three months ended March 31, 2026. The shortfall of housing provident fund contributions amounted to RMB0.6 million, RMB0.4 million, RMB0.2 million and RMB0.05 million in 2023, 2024 and 2025, and the three months ended March 31, 2026. As of the Latest Practicable Date, we had not been ordered by the competent authorities to rectify, or had been subject to any administrative penalties in connection with failure to make full contributions to social insurance premiums and housing provident fund contributions for employees, and there were no material disputes between us and our employees in relation to social insurance and housing provident funds. In addition, we have rectified the underpayment of social insurance premiums for our employees and will rectify the underpayment of housing provident fund contributions for our employees in due course in accordance with the applicable compliance requirements. Accordingly, as advised by our PRC Legal Advisor, the likelihood that we would be subject to material administrative penalties due to our failure to provide full social insurance and housing provident fund contributions is remote. See “Risk Factors — Risks Relating to Our Business and Industry — Failure to comply with the PRC Social Insurance Law and the Regulation on the Administration of Housing Provident Funds or other PRC labor related regulations may subject us to fines and other legal or administrative sanctions.” for more details.

We believe that we maintain good working relationships with our employees, and we have not experienced any material labor disputes, strikes, protests or any difficulty in recruiting staff for our operations during the Track Record Period and up to the Latest Practicable Date.

INSURANCE

We maintain insurance coverage over our daily operations. Our insurance policies primarily include credit insurance, employee-related insurance, property all risk insurance, product liability insurance, production safety liability insurance, and transit insurance. We review our insurance policies

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timely to ensure their compliance with the statutory PRC laws and regulations. We believe that our existing insurance coverage is adequate for our business operations and is in line with industry standards in the countries where we operate.

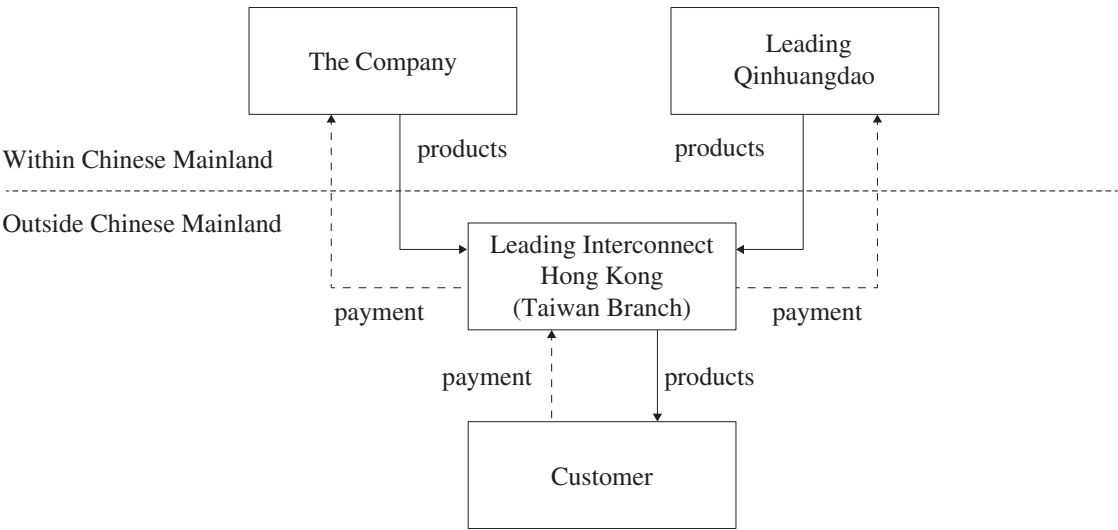
During the Track Record Period, we were not subject to any material insurance claim. Nevertheless, we may be exposed to claims and liabilities which exceed our insurance coverage.

INTRA-GROUP TRANSACTIONS

Overview

During the Track Record Period, in the ordinary course of business, we engaged in certain cross border intra-group transactions among our entities in the Chinese Mainland and Chinese Taiwan. In 2023, 2024, 2025 and three months ended March 31, 2026, the amounts of intra-group transactions were RMB634.3 million, RMB1,317.6 million, RMB1,450.3 million and RMB472.1 million, respectively. Such transactions involved cross-border intra-group sales of IC substrates from our manufacturing entities in Chinese Mainland to Leading Taiwan, which resold such products to third-party customers and retained a reasonable gross margin to cover its operating and selling expenses.

The income tax rate of the entities in Chinese Mainland is 25%. The Company was eligible for preferential tax policies applicable for the qualification of High and New Technology Enterprises and was entitled to an income tax rate of 15% for the year ended December 31, 2025 and three months ended March 31, 2026. Leading Qinhuangdao was eligible for preferential tax policies applicable for the qualification of High and New Technology Enterprises and was entitled to income tax rate of 15% for the years ended December 2024 and 2025, and the three months ended March 31, 2026. The income tax rate of Leading Taiwan is 20%. The Company and Leading Qinhuangdao are manufacturing entities in the Chinese Mainland, while Leading Taiwan serves a distribution function. The following chart illustrates our cross-border intra-group transactions.



Transfer Pricing Assessment

We have engaged Transfer Pricing Consultant to conduct a review of our intra-group transactions during the Track Record Period, which include (i) cross-border intra-group sales of IC substrates from the Company and Leading Qinhuangdao to Leading Taiwan, which in turn resold such products to third-party customers and retained a reasonable gross margin to cover its operating and selling expenses, with pricing determined to allow Leading Taiwan to retain such margin; (ii) sales of IC substrates between

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our manufacturing entities in the Chinese Mainland without a margin due to reasons such as customer designation; (iii) transfers of fixed assets, which were generally priced with reference to the net book value of the relevant fixed assets; and (iv) inter-company financing, with interest rates generally determined with reference to those applicable to similar financing arrangements during the same period.

The Transfer Pricing Consultant followed the guidelines set forth by the Organization for Economic Co-operation and Development (OECD) Transfer Pricing Guidelines (OECD Transfer Pricing Guidelines), which are generally consistent with the tax laws of the jurisdictions involved in our intra-group transactions. According to the OECD Transfer Pricing Guidelines, the intra-group transactions should be on an arm’s length basis to avoid distorted taxable income in different jurisdictions.

The Transfer Pricing Consultant reviewed the cross-border intra-group sales of IC substrates from our manufacturing entities in Chinese Mainland to Leading Taiwan during the Track Record Period, and performed functional and risk analysis, benchmarking analysis and special factor analysis.

The Transfer Pricing Consultant is of the view that the above-mentioned related-party transactions was generally consistent with the arm’s length principle and applicable transfer pricing regulations in Chinese Mainland and Chinese Taiwan, and there should be no material transfer pricing adjustment in the Track Record Period.

PROPERTIES

Owned Properties

Land

As of the Latest Practicable Date, we owned and occupied the land use rights of three land parcels in Shenzhen and Qinhuaangdao, Chinese Mainland, with an aggregate site area of approximately 122,970.5 sq. m., which were mainly used for industrial facilities and warehouses. As of the Latest Practicable Date, we had obtained all land use rights certificates for all land parcels we owned and occupied.

Buildings or Units

As of the Latest Practicable Date, we owned eight buildings or units in Shenzhen and Qinhuaangdao, Chinese Mainland, with an aggregate gross floor area of approximately 259,875.9 sq. m., which were mainly used for industrial facilities, warehouses and offices. As of the Latest Practicable Date, we had obtained all building ownership certificates for all buildings we owned.

Lease Properties

As of the Latest Practicable Date, we leased nine properties, in Shenzhen and Qinhuaangdao, Chinese Mainland, with an aggregate leased area of approximately 48,748.2 sq. m., which was mainly used for our production facilities, employee dormitories and office. The leased area of our employee dormitories is determined on a monthly basis according to the actual number of rooms occupied and is therefore not included in the aggregate area above. As of the Latest Practicable Date, we also leased one property in Chinese Taiwan, with an aggregate leased area of approximately 611.6 sq. m., which was used for our office.

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Absence of Valid Title Certificates From Lessors

As of the Latest Practicable Date, we had not received the relevant real estate ownership certificates or authorization documents from the lessors in respect of three out of the nine properties leased by us in Chinese Mainland under lease agreements with the lessors for employee dormitory. Accordingly, we cannot assure you that such lessors have the right to lease such premises to us. As advised by our PRC Legal Advisor, the leased properties described above are used solely as employee dormitories and are not used for any production or research and development activities. As such, they are relatively replaceable. In addition, we have not received any notice requiring us to cease using such leased properties as of the Latest Practicable Date. Our PRC Legal Advisor is of the view that the absence of the lessors’ title certificates will not materially and adversely affect our operations. We did not experience material difficulties in negotiating renewal of our leases with our lessors during the Track Record Period and up to the Latest Practicable Date. We believe that there is sufficient supply of properties for employee dormitory in Chinese Mainland and other jurisdictions where we operate.

Non-registration of Lease Agreements

Pursuant to the applicable PRC laws and regulations, property lease agreements shall be registered with the relevant local branches of the PRC Ministry of Housing and Urban-Rural Development. As of the Latest Practicable Date, we had not completed lease registration in respect of seven of nine leased properties in the Chinese Mainland for employee dormitories and office. As advised by our PRC Legal Advisor, the absence of registrations will not affect the validity of the lease agreements, nor affect the our lawful and valid use of the leased properties under the relevant provisions thereof and nor materially and adversely affect our operations.

See “Risk Factors — Risks Relating to Our Business and Industry — Failure to renew our leases, to obtain proper ownership certificates from the lessor, or to comply with PRC property-related laws and regulations regarding certain of our properties and leased properties could adversely affect our business, financial condition and results of operations.” for more details about absence of valid title certificates from lessors and non-registration of lease agreements.

Property Valuation

Except for the property interest described in the valuation report prepared by Cushman & Wakefield, our Group has no other owned single property interest that forms part of our non-property activities that has a carrying amount of 15% or more of the total assets pursuant to Rule 5.01B(2)(b) of the Listing Rules. See “Appendix III — Property Valuation Report” for more details of property valuation report.

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LICENSES, APPROVALS AND PERMITS

As of the Latest Practicable Date, we had obtained all requisite licenses, approvals and permits from relevant government authorities that are material to our business operations in the Chinese Mainland, Hong Kong and Chinese Taiwan. We are required to renew such certificates, permits and licenses from time-to-time, and we are continually overseeing the compliance with the relevant laws and regulations. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material difficulties in renewing the licenses, approvals and permits, and currently we do not expect any material difficulties in such renewal.

The following table sets forth certain material licenses, approvals and permits:

No.	Certificate Holder	Certificate/Permit Name	Date of Issue	Valid Date	Issuing Authority
1	Issuer	AEO Advanced Certified Enterprise Certificate	January 31, 2024	Long-term	Shenzhen Customs of the People’s Republic of China
2	Issuer	Radiation Safety Permit	June 11, 2026	August 11, 2027	Shenzhen Municipal Ecology and Environment Bureau
3	Issuer	High and New Technology Enterprise Certificate	December 25, 2025	December 25, 2028	Shenzhen Municipal Industry and Information Technology Bureau, Shenzhen Municipal Finance Bureau, and Shenzhen Tax Service, State Taxation Administration
4	Issuer	Pollutant Discharge Permit	July 10, 2025	July 9, 2030	Bao’an Administration of Shenzhen Municipal Ecology and Environment Bureau
5	Issuer	Urban Drainage Permit	October 21, 2022	October 20, 2027	Bao’an District Water Affairs Bureau of Shenzhen Municipality
6	Qinhuangdao Subsidiary . . .	AEO Advanced Certified Enterprise Certificate	September 8, 2023	Long-term	Shijiazhuang Customs of the People’s Republic of China
7	Qinhuangdao Subsidiary . . .	Radiation Safety Permit	October 18, 2023	October 17, 2028	Qinhuangdao Municipal Ecology and Environment Bureau
8	Qinhuangdao Subsidiary . . .	High and New Technology Enterprise Certificate	November 11, 2024	November 11, 2027	Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, and Hebei Tax Service, State Taxation Administration
9	Qinhuangdao Subsidiary . . .	Pollutant Discharge Permit	December 14, 2023	December 13, 2028	Qinhuangdao Administrative Approval Bureau

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AWARDS AND RECOGNITIONS

The following table sets forth major awards and recognitions we received as of the Latest Practicable Date.

<u>Award/Recognition</u>	<u>Award Year</u>	<u>Awarding Institution/Authority</u>
High and New Technology Enterprise	2025	Industry and Information Technology Bureau of Shenzhen Municipality, Finance Bureau of Shenzhen Municipality, and State Taxation Administration
2025 Unicorn Enterprises	2025	Beijing Greatwall Enterprise Institute
Top 100 Shenzhen Industry Leader Enterprises — No.28	2025	Shenzhen Federation of Industry and Commerce, and Shenzhen Press Group
Shenzhen Green Factory	2025	Industry and Information Technology Bureau of Shenzhen Municipality
Hebei Province Advanced-Level Smart Factory	2025	Hebei Provincial Department of Industry and Information Technology
Specialized, Sophisticated, Distinctive and Innovative Small and Medium-sized Enterprise	2024	Shenzhen Small and Medium-sized Enterprises Service Bureau
2024 High and New Technology Enterprise	2024	Hebei Provincial Department of Science and Technology, Hebei Provincial Department of Finance, Hebei Provincial Tax Service of the State Taxation Administration, and Hebei Provincial Local Taxation Bureau
Hebei Province Single Champion Product — IC Substrates	2021	Hebei Provincial Department of Industry and Information Technology

LEGAL PROCEEDINGS AND COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any actual or pending legal, arbitration or administrative proceedings (including any bankruptcy or receivership proceedings) that we believe would have a material adverse effect on our business, results of operations, financial condition or reputation and compliance.

During the Track Record Period and up to the Latest Practicable Date, we had not been involved in any material non-compliance incidents that have led to fines, enforcement actions, or other penalties that could, individually or in the aggregate, have a material adverse effect on our business, results of operations and financial conditions.

According to our PRC Legal Advisor, the business operations we engaged in had been carried out in compliance with applicable PRC laws and regulations in all material respects during the Track Record Period and up to the Latest Practicable Date.

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INTERNAL CONTROL AND RISK MANAGEMENT

We have in place a robust risk management and internal control system. We have adopted and continually improve our internal control mechanisms, consisting of policies and procedures tailored to our business operations, to safeguard our business operations and assets at all times. Our Board is collectively responsible for establishing and implementing such risk management mechanisms and overseeing our overall risk management.

Financial Reporting Risk Management

To manage financial reporting risks effectively, we have adopted comprehensive accounting policies covering financial management, budget management, and financial statement preparation. These policies are supported by established procedures, with our finance department regularly reviewing management accounts in accordance with these procedures. We will establish an Audit Committee to review and supervise our financial reporting process and internal control system.

Compliance Risk Management

We have established sound compliance risk management procedures to achieve effective identification and management of compliance risk, and ensure that our operations are in compliance with applicable laws and regulations. In accordance with such procedures, our legal team carefully reviews the contracts we enter into with customers, suppliers and business partners. Our legal team is also responsible for obtaining any requisite governmental permits, approvals or consents. In addition, we continually monitor changes in relevant laws and regulations as well as the regulatory environment to ensure compliance in our business operations.

Intellectual Property Risk Management

We recognize the importance of protecting our IP to maintain our competitive advantage and mitigate potential risks. To ensure robust protection, we have implemented a comprehensive IP management system, supported by clear policies and proactive measures, including setting management objectives, defining responsibilities across departments, planning and monitoring IP-related targets, and implementing compliance management and performance evaluation mechanisms.

Human Resources Risk Management

We have established comprehensive internal control and risk management policies for human resources, covering recruitment, training, work ethics and legal compliance. Our recruitment process helps ensure the quality of new hires. We also provide regular and specialized training tailored for our employees in different departments. These trainings help ensure that our employees’ skill sets remain up-to-date and enable them to discover and meet our customers’ needs. We conduct regular performance reviews and align their compensation with performance outcomes. In addition, we closely monitor the implementation of our internal risk management policies, aiming to promptly identify and address any potential noncompliance with our code of conduct, ethical standards or internal policies.

Anti-corruption Risk Management

We uphold business ethics and integrity through comprehensive policies, including the anti-bribery code of conduct. We maintain a whistleblower mechanism for anonymous reporting, with oversight by the internal audit department. All reports will be investigated per an approved plan, with findings documented and submitted to relevant management. The internal audit department ensures strict confidentiality for whistleblowers. In addition, we require our business partners to sign the code of business conduct for business partners or other integrity agreement as part of the onboarding process.

As of the Latest Practicable Date, we have not been involved in legal proceedings related to corruption, bribery, or fraud.